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Monday, September 28, 1981
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Gov't sees upswing in foreign relations

By DAVID LANDAU
Post Diplomatic Correspondent

The government is entering upon the New Year 5742 with the distinct feeling that things are looking up for Israel in the international arena.

"An unprecedented period of diplomatic momentum and progress," was how one key minister described the state of the nation after a cabinet meeting yesterday devoted largely to foreign policy issues.

Foreign Minister Yitzhak Shamir's surprise meeting with Russia's Andrei Gromyko last Thursday is seen as symbolizing increased international recognition of Israel's strength. Shamir is understood to have meetings scheduled in New York with other statesmen from countries with which Israel has no diplomatic relations.

Prime Minister Menachem Begin told TV interviewers yesterday that some of these countries may soon re-establish their ties with Israel. The full interview will be screened on Israel TV tonight. Informed sources said Begin was expressing not merely hopeful optimism, but a political assessment based on solid foundations.

Among recent foreign policy successes, government sources list the Alexandria summit with President Sadat, the Washington summit with the announcement of "strategic cooperation," the resumption of the autonomy talks, the scheduling of French President Francois Mitterrand's visit here, burgeoning ties with several Latin American countries, and the Shamir-Gromyko meeting.

These government sources set President Reagan's election as the turning point for Israel's international fortunes. They say there was virtually no one in the Israeli government who hoped for Jimmy Carter's re-election, because they felt that would bring intense pressure on Israel over the Palestinian issue.

(Israel was so careful to avoid showing its preference that it was accused during the election campaign of actively backing Carter.)

The election of Mitterrand in France was another welcome development for Israel. An ongoing, high-level dialogue between the two countries has already been established — only last week, Begin met Mitterrand's aide Jacques Attali in Jerusalem and Shamir conferred with Foreign Minister Claude Cheysson in New York. The tenor of that dialogue is "very different," say government sources, from the infrequent contacts between Israel and the Giscard d'Estaing government in France.

Government sources maintain that the bombing of the Iraqi reactor (on June 7), and of the PLO offices in Beirut (in July), both actions that caused international opprobrium at the time, turn out to have boosted Israel's international standing. The outrage and indignation proved to be transient, while the lasting impression was one of respect and even admiration for Israel's military strength and its determination to use that strength when necessary.

The air raid on Iraq — a "strategic bombing" in terms of distance and complexity — may well have strengthened the U.S. administration's resolve to offer Israel

(Continued on Page 2, Col. 2)

Jerusalem Mayor Teddy Kollek grabs one of the demonstrators from the Mahane Yehuda quarter who broke into his office yesterday in protest over construction of a bus parking lot near their homes. The mayor's secretary, Hamutal Appel, comes to his aid. See story, page 3. (Zoom 77)

Flat denial of story on Falashas

Post Diplomatic Correspondent

Israel yesterday flatly denied a *Toronto Globe and Mail* report that it had made a "Jews for arms" deal with Ethiopia or that the Jewish Agency had deliberately foiled efforts by the Mossad — Israel's intelligence agency — to bring Falasha Jews from Ethiopia to Israel.

The report, by an Israel-born academic activist on behalf of the Falashas, was denied both in a cabinet statement and in a separate statement by the Jewish Agency. The agency said it would sue for libel, with the spokesman calling the report "a downright lie."

The cabinet denial referred only to the alleged efforts by the Jewish Agency to thwart Mossad rescue efforts. Premier Menachem Begin told the ministers at the weekly cabinet session that this allegation was utterly groundless, and his remarks were published in the official cabinet communique.

The communique made no reference to the part of the *Globe and Mail* story which alleged a deal between Begin and Ethiopia's ruler Mengistu Haile Mariam whereby Israel was to supply arms to the Marxist regime in return for Falasha exit permits. According to the paper, Soviet pressure soon squelched the deal.

But this allegation, too, was officially denied last night by Begin's aide, Yehuda Avner, who told *The*

(Continued on Page 9)

Anti-Khomeini guerrillas in all-out attacks

BEIRUT. — Anti-government guerrillas firing rockets and machine guns battled supporters of Iran's revolutionary leader, Ayatollah Ruhollah Khomeini, in the Iranian capital of Teheran yesterday, residents reported.

The exiled leader of the guerrillas announced from Paris that the all-day clashes represented the "final decision...for getting rid of Khomeini's savage sadism."

The fierce fighting started at 9 a.m. and was said by residents to be still raging in several sections of the city as of 4 p.m.

"Our nation's best resistance will go on until Khomeini's downfall," said Massoud Rajavi, the leader of Mujahedin Khalq in a statement released in Paris.

Accusing Khomeini's government of employing torture against opponents, Rajavi urged nations of the world to withhold recognition of the Iranian presidential elections scheduled for October 2. The vote on Friday will be Iran's third election of a president in the past 19 months.

Yesterday's fighting appeared to be some of the most violent since Khomeini's backers battled supporters of former president Abolhassan Bani-Sadr after the ayatollah fired his former aide on June 22 who then escaped to exile in France.

The broadcast, monitored in Beirut, reported "clashes in several areas" and the torching of four buses. It said, "the Mujahedin opened fire on innocent people in various places, wounding 40 persons."

Teheran residents reached by telephone gave a more dramatic account.

"There are clashes absolutely everywhere in central Teheran. There is no possible way to know how many people are involved," one resident said.

"The opponents of the regime are very well organized. They have formed themselves into commando groups, ranger-style," the resident added.

He said the Mujahedin were using machine guns and shoulder-fired rocket-propelled grenades, believed to have been seized from

(Continued on Page 9)

Treasury orders 10% slash in gov't budget

By SHLOMO MAOZ
Post Economic Reporter

The Treasury yesterday ordered government ministries to cut their budgets by 5 per cent now and 5 per cent for the next fiscal year, and to reduce manpower by 3 per cent, but Treasury officials believe that the move is likely to fail and that the government will in the end have to ask the Knesset for a supplementary budget this year.

As with other major policy decisions, Finance Minister Yoram Aridor took these steps at his own initiative without prior approval or even discussion by the cabinet.

Treasury economists believe that increased government expenses for defence, subsidies and local authorities will doom the projected cuts and force the government to ask for a supplementary budget. The reserve budget has shrunk to only IS500 million, and the Treasury has requested the Knesset Finance Committee to approve an extra IS1.1 billion to subsidize basic commodities and to keep down the prices of grain and fodder.

The new head of the Treasury budget division, Ya'acov Gadish, wrote in a circular sent yesterday to all ministry directors-general that an analysis of the government's revenue and expenses from April through September shows that about IS3b. a month are being pumped into the economy, three times as much as planned in the budget. This development, Gadish stated, necessitated budget cuts now and in the coming year.

The cuts ordered by the Treasury will affect manpower as well as ministry activities, and apply to all bodies receiving government support.

The budget head ordered the ministries to prepare a list of top priority activities comprising 30 per cent of their budget. These items, to be reviewed according to a procedure similar to "zero-based budgeting," will not be cut either this year or next.

Natorei Karta leader sentenced to 90 days

Natorei Karta leader Rabbi Uri Blau was sentenced yesterday to 90 days in prison for rioting during the recent demonstrations against the City of David digs in Jerusalem.

The Jerusalem Magistrates Court, which also gave him a six-month suspended jail term, ruled that Blau will begin serving his jail term in one month's time.

The secretary of the Eda Haredit (ultra-Orthodox community) rabbinical courts, Rabbi Yehuda Steinberg, was acquitted of similar charges.

It does not seem likely that Blau will appeal the sentence, since this would imply recognition of the court on his part.

Syria jittery over car-bombs

By DAVID BERNSTEIN Post Mideast Affairs Reporter

The recent spate of car bomb attacks in Damascus has left the Syrian security forces extremely jittery, according to travellers arriving in Beirut. Any car left parked outside a public building is regarded as suspect and is immediately towed away.

Car bombs outside the Prime Minister's Office last month and the Syrian Air Force Command in downtown Damascus earlier this month are reported to have left scores dead and wounded. The attacks have been attributed to the outlawed Moslem Brotherhood.

The travellers are quoted in reports reaching here as saying that even cars belonging to members of the security forces are being towed away. This is seen as an indication that the authorities fear that the security services may have been infiltrated by the Brotherhood.

Palestinians are also coming in for special scrutiny, the travellers report, and their cars are constantly stopped at the many roadblocks that have sprung up in and around Damascus.

Meanwhile, according to sources in Lebanon, the three suspects arrested in connection with the series of car bombings in Lebanon earlier this month belong to Syrian-oriented organizations — either the pro-Syrian Shi'ite group Amal or the Syrian Ba'ath party in Lebanon.

Syria, however, has continued to insist that the blasts — which have claimed some 36 lives — are the work of Israel and its agents.

G airport closed as precaution

ugoslav hijackers tricked, urrender in Larnaca

LGRADE (UPI). — Passengers crew members who used a k fire alarm to outwit three oslav armed hijackers aboard a ing 727 at Larnaca on Cyprus rned home yesterday. The ared hijackers were flown to oslavia in another plane.

he passengers escaped yester- morning after a nine-hour rsion at gunpoint, and the hiers surrendered to Cypriot air- authorities.

in Israel, authorities closed Ben- ion Airport at 5 a.m. after the hi- ers had contacted the control er there requesting permission to l. Permission was immediately sed, in accordance with standing rs. The airport was reopened 45 utes later following confirmation the hijacked airliner had landed arnaca, Cyprus.)

The three hijackers were identified by Cyprus police and the Yugoslav Interior Ministry as Borivoje Jelic, 27, Marko Krizic, 26, and Milan Prpic, 28.

No indication of the hijackers' demands, motives or aims was made public. None of the passengers and crew was wounded, except for minor injuries suffered by three passengers as they jumped from the plane.

The plane was on an internal flight when it was hijacked.

The three hijackers boarded the plane in Titograd along with some 70 passengers that included the Buducnost soccer team.

The three men, armed with two pistols and a knife, diverted the plane from its route to Belgrade and ordered the pilot to fly it to Tel

(Continued on Page 9)

EIGHT PAGES
FROM SUNDAY'S
The New York Times
INSIDE TODAY

The Jerusalem Post, in common with all Israeli newspapers will not appear tomorrow and Wednesday, the two days of Rosh Hashana. The Post wishes all its readers, together with all of Israel a happy and peaceful new year.

Eitan: No link between raid, elections

Jerusalem Post Correspondent

NEW YORK. — Chief of Staff Rafael Eitan yesterday told 400 Israeli reserve officers here that he had decided personally on the date for the Israeli air raid on the Iraqi nuclear reactor, which was June 7.

"This had no connection whatsoever with the elections in Israel," he said. "Do you think that I care about the elections in Israel?"

The Knesset elections were held on June 30.

In Jerusalem, the cabinet yesterday issued a statement condemning the International Atomic Energy Agency's decision to deny technological aid to Israel in the wake of the bombing of the Iraqi reactor. Terming the decision "arbitrary and immoral," the statement notes that an effort by the Arab states to have Israel ousted from the IAEA was foiled "particularly thanks to the stand and attitude of the U.S."

The decision that was adopted was intended as punishment for "an act of national self-defence...saving the lives of tens of thousands of Israelis," the statement said.

Pleasant weather predicted as nation greets year 5742

Jerusalem Post Staff

Pleasant weather is expected as the nation pauses to observe the two-day Rosh Hashana 5742 holiday, beginning at sundown today, although there is a chance of some rain or thundershowers in some sections of the country.

Skies will be fair to partly cloudy, with a temperature drop of one or two degrees predicted. (See forecast, Page 2).

There is a possibility of flash floods in some parts of the country, and travellers are advised to check with police or listen to radio reports to learn if the roads are open to traffic.

Starting early this morning, both Egged and Dan bus cooperatives are putting all available buses into service. On Wednesday night, at the end of the holiday, bus services will operate as on Saturday nights.

Jerusalem has been "scrubbed" by sanitation men working double shifts for the holiday.

Many Israelis are expected to greet the year 5742 in Sinai to bid the peninsula farewell before it is returned to Egypt in April.

President Yitzhak Navon, in televised Rosh Hashana greetings to the nation, last night called for

(Continued on Page 2, Col. 6)

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The weather at major Swissair destinations

	MIN C	MIN F	MAX C	MAX F	
AMSTERDAM	11	55	20	68	Cloudy
BRUSSELS	13	57	9	64	Cloudy
BUENOS AIRES	15	59	22	72	Cloudy
CHICAGO	7	44	20	68	Cloudy
COPENHAGEN	14	57	17	63	Clear
FRANKFURT	12	54	18	64	Rain
GENEVA	8	46	16	61	Cloudy
HELSINKI	5	36	14	57	Cloudy
HONG KONG	27	81	31	88	Clear
JOHANNESBURG	11	52	21	70	Clear
LISBON	15	59	21	70	Rain
LONDON	11	52	17	63	Cloudy
MADRID	12	54	18	64	Clear
MONTREAL	12	54	18	64	Cloudy
NEW YORK	14	58	23	74	Rain
OSLO	12	54	17	63	Cloudy
PARIS	10	50	18	64	Clear
RIO DE JANEIRO	18	64	30	86	Cloudy
SAO PAULO	16	61	27	81	Cloudy
STOCKHOLM	8	38	16	61	Cloudy
TOKYO	19	66	25	77	Clear
TORONTO	10	51	17	63	Fog
VIENNA	10	50	18	65	Clear
ZURICH	9	48	17	63	Cloudy

* For the latest weather conditions, contact Swissair

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THE WEATHER

	Yesterday's Humidity	Yesterday's Min-Max	Today's Max
Jerusalem	50	16—29	28
Tel Aviv	29	20—30	29
Netanya	42	19—30	29
Haifa	33	20—29	28
Haifa Port	63	24—29	29
Tiberias	44	22—35	34
Nazareth	36	21—33	31
Afula	34	19—33	33
Sharon	51	19—31	30
Tel Aviv	71	22—30	29
Ben Gurion	57	21—31	30
Jericho	30	21—35	33
Gaza	77	20—28	28
Beersheba	30	19—32	32
Eilat	32	21—33	33
Tiran Straits	55	25—32	32

Man is buried after 4-day search for plot

ASHKELON (Itim). — Four days after his death and following a media appeal for help, an Ashkelon man was buried in Jerusalem in a cemetery plot arranged for him by the intervention of a Baptist minister from the U.S.

The man, who was born in Romania to an Evangelical Protestant family, came to Israel 11 years ago. He married a Jewish woman and fathered two children, but when he died no religious community could be found to bury him.

Following a widespread media appeal, Deputy Housing Minister Moshe Katzav asked the Ministry of Religious Affairs to help, and MK Shulamit Aloni appealed to Prime Minister Menachem Begin. After a phone call yesterday from a Baptist minister in the U.S., a Christian community in Jerusalem agreed to bury him in a plot in the German Colony section of the city. A request to the Rumanian embassy to arrange for his burial in Rumania was then cancelled.

Border Police patrols instead of reservists

Beginning next month the Border Police will take over responsibility from reservists for all ongoing security duty from the Jerusalem area to Gush Etzion, in a move aimed at freeing the reservists for other operational duties. A senior police officer said one of the advantages of the change is that regular Border Police will come to know the patrol areas better than constantly changing reservists. (Itim)

Healey wins election victory over Benn

BRIGHTON, England (AP). — Moderate Denis Healey was re-elected deputy leader of Britain's opposition Labour Party last night by a razor-thin one percentage point over far left-winger Tony Benn. (Earlier story — page 4)

Kibbutz on 24-hour pelican watch

By YA'ACOV FRIEDLER
Jerusalem Post Reporter

HAIFA. — There will be no Rosh Hashana rest for the men of the fish ponds of Kibbutz Ma'avan Zvi south of here, near Zichron Ya'acov.

They will maintain a round-the-clock pelican watch in order to protect their 2,000 dunams of ponds, the country's largest, from the predatory big birds, who are migrating from Europe to Africa.

One of the men said yesterday that the pelicans, who have a veracious appetite for fish, started arriving a fortnight ago, "and we estimate that there are already 3,000 to 4,000 of them around our ponds."

Last year the birds, who make the journey annually, outstayed their welcome, remaining for more than two months, due to the unusually protracted summer weather. Despite all the precautions of the pond staff, the pelicans ate 35 tons of fish, an estimated loss of nearly IS1 million.

"We don't intend to give them another free meal of that dimension this year," the kibbutznik said.

To keep the pelicans off the ponds they have mounted a permanent motorized guard, driving round the ponds and firing in the air to scare the birds off.

In the smaller ponds in the Hula Valley, where the pelicans have also appeared, breeders have stretched ropes across the pond surface, which prevent the pelicans from fishing

Police retrieve stolen jewels

Eight arrested in robbery of old couple

TEL AVIV (Itim). — An electronics engineer, a veterinarian, a bank clerk, a fashion model and four others were arrested yesterday in connection with the robbery of $52,000 worth of jewels from an elderly Holon couple last week.

Shmuel Neuman, 88, and his sister Hanna, 91, were locked into a room of their flat by two men posing as jewelry appraisers, who robbed them of the jewels they were trying to sell to finance their move to an old age home.

The first lead in the case was given by the Neumans, who told investigators that they had recently become friendly with a young man called Galperin, who had introduced himself by supposedly bringing them regards from a relative in Russia.

In the course of their acquaintance, they showed Galperin their jewels and told him they were planning to sell them. Galperin told them he would find them buyers. However, when detectives checked out the name, they could find no trace of 'Galperin.'

Upon examination of the Neuman apartment, police found a scrap of paper apparently forgotten by 'Galperin,' allegedly identifying him as Boris Gertzin. He was arrested and yesterday remanded for 15 days by a Tel Aviv magistrate.

During interrogation Gertzin allegedly said he had sold the information about the Neumans' jewels to two persons: a clerk in the Bank of Israel and a veterinarian. According to the police, he said they paid him IS3,000 for the information.

The bank clerk and the veterinarian then allegedly sold the same information for IS5,000 to two other men: an electronics engineer in a defence plant and an employee of the Electric Corporation. The latter two allegedly appeared at the Neuman flat under the aliases "Kuperstein" and "Rosenman" and robbed the couple.

One of the suspects was arrested last night as he was getting on a plane for Italy. Police say he had apparently felt them on his trail.

Most of the jewels were found in the apartment of the 18-year-old sister of one of the suspects, a model for a clothing manufacturer. Some of the loot had already been sold and one of those arrested was the purchaser of a large diamond belonging to the Neumans.

Although seven men and one woman have been arrested, police say the investigation is continuing and they are pursuing the possibility that all the suspects worked together on this and perhaps other recent robberies of elderly persons. Tel Aviv police chief Nitzav Avraham Turgeman returned most of their jewels to the Neumans last night, who said they plan to sell their jewels soon via a recognized agent and move to a home for the aged.

'Bribe' probe on TA police chief

Jerusalem Post Reporter

TEL AVIV. — Police Inspector-General Arye Ivtzan said yesterday in a radio interview that the investigation into allegations that Tel Aviv Police Chief Nitzav Avraham Turgeman took bribes four years ago will be wrapped up in a few days.

The investigation centres on a complaint by former Haifa police officer Zvi Sadeh alleging that Turgeman in 1977 demanded he give him two cigarette lighters and a snake leather portfolio in return for helping the former sgan-nitzav become regional police chief.

It is alleged that Turgeman, who was serving in Haifa at the time, wrote Sadeh a letter thanking him for the lighters and portfolio, and promising he "had not forgotten," and would talk to a high-ranking officer about the promotion.

The same reports said Turgeman contended the lighters were merely the cheap, disposable kind, and that he never received the portfolio.

Turgeman and Sadeh reportedly have taken lie detector tests on the matter, which indicated both were telling the truth.

Attorney-General Yitzhak Zamir, who investigated bribery allegations against Turgeman last year — and found no grounds for prosecution — recently ordered police to conclude the current inquiry.

The investigation was under way when Turgeman assumed his post in Tel Aviv earlier this month.

A well-placed police source reported that "Turgeman and Sadeh have never been on good terms."

Reports said that it was Turgeman who was instrumental in the decision to force Sadeh into early retirement. Sadeh reportedly was asked to quit after he allegedly allowed a Haifa contractor, serving time in the Kishon jail, to take a number of leaves from the prison.

Flatto asks court to annul receivership

By JEFFREY HELLER
Jerusalem Post Reporter

TEL AVIV. — Former MK Samuel Flatto Sharon yesterday asked the Tel Aviv District Court to annul its order that his holdings in Israel be put into temporary receivership. He also also asked the court to reject a 70-million French franc (IS180m.) suit against him.

Judge Yosef Harish issued the order last week at the request of a French company, that bought the rights to the suit from a French bank that claims Flatto owes it millions of francs in overdue loan repayments.

The "Compagnie Parisienne de Participation" contended that Flatto's holdings in Israel — including his luxurious villa in Savyon — were bought with these loans, which were made to firms under his control in France. Flatto transferred the money to Israel through Vaduz corporations, the company said.

It based its request for a receivership order on a French court decision that said Flatto had smuggled the money out of France.

In court yesterday, Flatto's attorney David Lalo claimed that the plaintiff's suit was filed too late and that a statute of limitations against the charges was now in effect. He asked the court to cancel the receivership order and the suit.

A hearing on the receivership will be held in Harish's court next week, while Judge Ruth Sternberg-Elias will later preside over a separate session on cancelling the suit.

GOV'T SEES UPSWING

(Continued from Page One)

strategic partnership in this part of the world, one key minister surmised.

Foreign Minister Shamir has heard outright praise for the precision and power of that action — from statesmen who in their public reactions expressed exactly the contrary sentiments.

Government sources reject out of hand the notion that the bombing raids on Baghdad and Beirut may have prompted foreign governments to seek closer dialogue with Israel out of fear that Israel's continued isolation might lead it to do similar acts of violent desperation in the future.

Regarding the AWACS deal, which places Israel in something of a cleft stick situation, the government sources are confident that whatever backlash there is against Israel from the U.S. administration — it will not last long. The "strategic cooperation" may be held up a month or two, but no more than that — because ultimately it is in the interests of the U.S. "at least as much as in our interests," said the key minister here. "After all, whom are they going to rely on in the long run — Kuwait? Abu Dhabi?"

That same confidence regarding the eagan administration's basic attitude seems to permeate the Israel government's expectations in the autonomy talks. For the moment, say government sources, Washington still has not formulated its positions. But these are unlikely to support "far-reaching Egyptian positions," the Israeli sources predict.

And meanwhile Israel has taken the initiative in respect of the autonomy, with Defence Minister Sharon's new policies in the areas focusing interest and attention both around the negotiating table, and further afield.

The cabinet began a discussion yesterday of Sharon's plan to reorganize the administration of the areas, limiting the army to defence- and security-related matters and putting civilian administration in the hands of civilians — mainly Palestinian civilians. Premier Begin opened the debate by praising the plan and announcing his own full endorsement of it. Cabinet Secretary Arye Naor said the cabinet's approval, next Sunday, was a foregone conclusion.

There are some questions as to what extent the plan really represents a new departure. But all the ministers seem convinced that the basic thrust is sound and that it can help engender an atmosphere of less tension in the areas and greater readiness to reconsider the blanket rejection of the autonomy scheme.

One country not yet affected by the general upswing in Israel's foreign relations is Great Britain. Shamir's meeting in New York with Foreign Secretary Lord Carrington was neither warm nor friendly, to judge by reports reaching Jerusalem.

An Israeli source described Carrington as "impatient, undiplomatic." The source said Carrington had not given Shamir a reasonable opportunity to present Israel's viewpoint. At the same time, the British minister had been "extremely forceful" in his own presentation.

Shamir, on the other hand, has had some heartwarming contacts with Latin-American statesmen. Government sources say bilateral relations between Israel and several South American states are flourishing — even though this is usually not reflected in UN votes.

Mitterrand and Saudis agree 'in principle'

TAIF, Saudi Arabia. — French President Francois Mitterrand was in agreement yesterday with Saudi Arabia on the "spirit of steps" to be taken toward a negotiated Middle East peace. But he stopped short of a full endorsement of Crown Prince Fahd's eight-point peace plan on the key issues of Jerusalem and a Palestinian state.

The Fahd peace plan calls for setting up an independent state for the Palestinians on the West Bank and Gaza Strip, with Jerusalem as its capital city.

In the Fahd plan, which the Saudis consider non-negotiable, Israel should withdraw to its pre-1967 borders. The plan recognizes Israel's right to live in peace with its Arab neighbours.

In Mitterrand's remarks, spokesman Michel Vauzelle told reporters, he only said the Palestinians have a right to a homeland, to be followed by the creation of a state structure. Mitterrand was also quoted as telling Saudi King Khaled that he understood the Moslem concern for Jerusalem, but only that the issue should be further discussed.

Vauzelle said Mitterrand told Khaled he believed in the twin principles of Israel's right to exist behind secure and defined borders, and the Palestinian right to a homeland.

King Khaled was quoted as saying that Mitterrand has taken a "satisfactory position" on Fahd's peace plan.

Mitterrand, who arrived on Saturday for a three-day state visit, led a high-powered delegation at the talks, which were also attended by several Saudi Arabian government ministers and officials.

In order to maintain a balance between Israel and the Arab states, Mitterrand will visit Israel in January, and is certain to urge the Begin government to give the Saudi plan a closer look. (Reuter, UPI, AP)

French President Francois Mitterrand and Saudi King Khaled exchange gifts at the Saudi royal palace. (UPI telephoto)

Egypt, Britain hold arms talks

CAIRO (UPI). — Egypt is negotiating a major weapons deal with Britain, including the purchase of Challenger tanks and the local manufacture of Rapier surface-to-air missiles and 105mm. tank cannon, the newspaper *Mayo* said in today's editions.

The broad lines of the deal were discussed during a visit to Cairo earlier this month by British Defence Minister John Nott, the newspaper said. A British military mission arrived yesterday to continue the discussions.

The newspaper described the Challenger as the "tank of the future" and said it was better than the Chieftain.

The U.S. has agreed to sell Egypt about 300 M-60 tanks.

The newspaper said the negotiations with Britain also cover:

- Renovating Soviet-made MiG warplanes in the Egyptian arsenal by equipping them with Rolls Royce engines.
- Providing Egypt with six frigates and torpedo boats.

In Kuwait, British Prime Minister Margaret Thatcher yesterday held talks with Kuwaiti leaders on a wide range of topics including the security situation in the Gulf and the Palestinian issue. She was on a one-day visit there en route to the Commonwealth conference in Melbourne.

Senate panel study helps administration on AWACS

By WOLF BLITZER
Jerusalem Post Correspondent

WASHINGTON. — The Senate Foreign Relations Committee yesterday released a staff report suggesting that the administration's proposed sale of AWACS radar aircraft to Saudi Arabia posed only a minor potential threat to Israel.

The report, prepared by four committee staffers who visited Saudi Arabia in August, is bound to help the administration in its uphill battle to win congressional approval for the $8.5 billion package sale, which also includes advanced weaponry for Saudi Arabia's F-15 fighters.

The entire 77-page study, which still remains classified, was circulated to all committee members on Friday. Chairman Charles Percy (Rep.-Illinois), a supporter of the sale, yesterday decided to release a declassified seven-page summary — largely because it tends to give credence to the administration's case for the sale.

The report concluded that while the AWACS aircraft in the Saudi air force would provide some "limited" offensive benefit to the Saudis, it would "not significantly alter the current Arab-Israeli air balance, given Israel's excellent aerial capabilities."

It also insisted that the Saudis could not realistically use the AWACS against Israel because of "severe Israeli military retaliation" and the accompanying severing of U.S. military ties with Saudi Arabia.

Efforts to form Hebron area autonomy delegation fails

Jerusalem Post Reporter

An attempt to form a delegation of Palestinian villagers from the Hebron area village league to participate in the autonomy negotiations has failed, the East Jerusalem daily *Al-Fajr* reported yesterday.

According to the newspaper, which is a staunch supporter of the Palestine Liberation Organization and has consistently criticized attempts by the military government to set up the village leagues, the delegation was to have been headed by the chairman of the Hebron area league, Mustapha Dudain.

No confirmation of the report has been received from other sources.

Other developments yesterday:

- Hebron mayor Mustapha Nathse and other councillors staged a sit-in strike to protest conditions at the Nafha maximum security prison in the Negev where security offenders are held. The military government did not intervene and the strikers dispersed quietly.
- The military government rescinded a plan to appoint civil guardsmen in El-Bireh to prevent stone-throwing incidents along the main road. Fifteen residents petitioned the High Court of Justice, claiming that they were in effect going to become hostages of the authorities. The state attorney's office informed the court that the military government has cancelled the plans, and the petitioners withdrew their petition.
- Governors of the conservative al-Najah university in Nablus voted to replace politically militant teachers they allege were behind last year's political disturbances on the campus.

Telltale toilet leads to suspects' remand

TEL AVIV (Itim). — Two suspects in a dollar counterfeiting ring uncovered two weeks ago were remanded yesterday, after counterfeit bills which clogged a Holon toilet led to their arrest.

Robert Alvashvili, 43, and his son-in-law Roman Berman, 30, were ordered held for 10 and 15 days respectively after a large amount of counterfeit dollars blocked the toilet of a ground floor flat in Berman's building.

Police allege that the two suspects tried to flush the evidence away when other suspected members of the counterfeiting ring were arrested. An elderly woman who lives alone in her flat in Berman's building called police when she discovered the cause of her plumbing problem.

Kessar to mediate in coal shipping dispute

HAIFA. — The seamen's unions and representatives of the shipping companies are to meet with Yisrael Kessar, chairman of the Histadrut's trades unions department on Thursday, in a bid to settle the month-long dispute over the unions' demands for bonuses for crews sailing the South Africa and Australia routes.

At Kessar's request, the unions yesterday lifted the strike on the carrier Har Carmel in Haifa. Negotiations were under way last night to stop the strike on the freighter Narkiss, which is not connected with the coal dispute.

Basketball results

The following games were played last night in the National League:
Hapoel Hagalil Haelyon 87, Hapoel Tel Aviv 86;
Maccabi Haifa 116, Hapoel Haifa 115;
Maccabi Tel Aviv 99, Hapoel Gan Shmuel 61;
Hapoel Ramat Gan 94, Maccabi Ramat Gan 88;
Elitzur Tel Aviv 89, Elitzur Ramat Gan 88;
Hapoel Afula 96, Hapoel Holon 88.

ABSORPTION. — Deputy Absorption Minister Aharon Uzan has named Eli Amir, who is director of the ministry's Jerusalem district, to be deputy director-general.

ROSH HASHANA

(Continued from Page One)

tolerance and mutual respect.

President Navon will attend services tomorrow at the Hanassi Synagogue in Jerusalem and on Wednesday at the Yeshurun Synagogue; Prime Minister Menachem Begin will pray both days at Hechal Shlomo.

Many of the country's hotels and resorts have not had the satisfaction of hanging out their usual holiday "no vacancy" signs.

Such traditional holiday spots as Netanya, Nahariya and Eilat have room. In Jerusalem, where it is usually impossible to find a room during the holidays, the hotels are busy but far from full.

Nearly 300 hospitalized persons throughout the country, mostly Jerusalemites, are being given "home leave" for the holiday as their families were able to borrow vital medical gear from the Yad Sarah organization for the free loan of medical equipment and rehabilitation of the sick.

People in the news

Alessandra Mussolini

HER NAME doesn't seem to be harming her: Alessandra Mussolini, 18-year-old granddaughter of Italian dictator Benito Mussolini, has just been selected for a job as a hostess on one of Italy's most popular TV programmes.

Her father, Romano, Mussolini's youngest son, is a jazz pianist and her mother, Maria, is the sister of Sophia Loren.

* * *

DESPITE HER many victories, one challenge the late Golda Meir was apparently unable to face was the birth of a mongoloid granddaughter, writer Robert Slater says in his new biography, *Golda, The Uncrowned Queen of Israel.*

The granddaughter, Meira, now in an institution, is the daughter of Golda's son, Menahem, and his first wife, Hana. The marriage ended a few months after the child was born in 1956. The late prime minister never acknowledged the child, even to the point of recording in her memoir that she had only five grandchildren.

Slater writes that many knew about Meira, but did not make the knowledge public, in order to spare Golda's feelings.

* * *

ONE PERSON who can rightly claim that he started at the bottom and worked his way to the top is Dr. Martin Weyl, who has just been named first director of the Israel Museum by board chairman, Jerusalem Mayor Teddy Kollek.

Weyl

Weyl began his career at the museum as a building labourer while writing his doctorate in art history at the Hebrew University. Since 1974, he has been chief curator of the Arts, Ethnology and Judaica section of the museum.

The appointment marks a change in museum administration, which until now was headed by a director-general who worked in cooperation with the chief curators of the arts, archeology and youth wing sections. The previous director-general, Yoram Ravia, resigned earlier this year to take up a post abroad.

No debate on Talmei Yosef

Post Diplomatic Correspondent

The cabinet yesterday put off until next week a debate on the Gush Emunim "occupation" of Talmei Yosef, in the Rafah area.

Cabinet Secretary Arye Naor explained that the debate was not held as planned because Agriculture Minister Simha Ehrlich "who has a special interest in the issue," is abroad.

Apart from his role as agriculture minister and head of the ministerial settlement committee, Ehrlich has been most outspoken in favour of removing the squatters by force if they do not leave peaceably. Defence Minister Ariel Sharon has come out publicly against using force, saying he is "sure" the squatters will leave of their own accord "when the time comes."

Naor said "Israel will observe its international commitments to the letter... It has undertaken to do certain things on a certain date — and it will do them."

Naor sidestepped a television reporter's questions as to why government agencies appeared to be helping and cooperating with the Emunim squatters.

Rambam Hospital director

HAIFA (Itim). — Prof. Yosef Brandes was last night named director of Rambam Hospital in Haifa. Brandes, 53, has been on the Rambam staff since 1957.

In deep sorrow, we announce the death of

Dr. YAACOV PICKER

The funeral will take place today, Monday, October 28, 1981, leaving at 9.45 a.m. from the Sanhedria Funeral Parlour, Jerusalem.

The Family

In great sorrow I announce the passing, on September 17, 1981, of my beloved husband

Dr. KARL-HEINZ NEISSER ל"ז

Deeply mourned by his wife, Hilde Neisser; Family and friends in Israel and abroad.

هكذا من الأصل

To the Levy Family

We share your deep grief on the death of

OVADIA BEN SHIMON LEVY

David Dassa
Arch Tours and Travel Services Inc.

Our beloved

Dolf (A.P.) Michaelis

has passed away after a severe illness.
The funeral cortege will leave today, Monday, September 28, 1981, from the Sanhedria funeral parlour in Jerusalem at 12 noon.
The shiva will be held at 6 Rehov Shlomo Molcho, Jerusalem.

Mourning:
Wife, Eva Michaelis
Sons, Lynn and David and grandchildren
Sister, Lisa Michaelis

Opposition by Sharon rifts 'Norwegian law'

By SARAH HONIG
Post Political Reporter

TEL AVIV. — Efforts to enact the "Norwegian law" whereby a minister must resign from the Knesset, have run into a new [illegible]. Defence Minister Ariel Sharon refuses to vacate his Knesset seat, it was learned yesterday from Likud Herut sources.

The law, whose purpose is to free ministers from having to attend all Knesset sessions to safeguard the government's narrow majority, exempts only the prime minister and his stand-in from resigning. Both must be Knesset members.

Sharon is the third minister who does not want to quit the Knesset. The first to raise objections was interior minister Yosef Burg, who apparently doesn't want to make way for those next on the National Religious Party list of Knesset candidates. If both Burg and Education Minister Zevulun Hammer resign, they would make way for Haim Corfu, Menachem Busok and Sarah Sternlicht. The former's Likud Utmura faction is aligned to the "Young Guard" faction and the latter also has close ties with Hammer's and Yehuda Ben-Meir's Young Guard.

Sharon's argument is that a defence minister cannot be an outsider to the Knesset.

Party insiders say Deputy Prime Minister David Levy is also reluctant to resign from the Knesset as that would leave only one deputy premier in the house — Liberal Simha Ehrlich. This would automatically make Ehrlich's position appear higher than Levy's.

Sources close to Prime Minister Menachem Begin doubt that he would agree to require some ministers to vacate their Knesset seats, while allowing others to keep them.

It is also reported from Liberal sources that opposition is mounting to the law which would open the house to "fifth rate politicians." These are person placed in what were considered unsafe slots on the Likud slate of candidates, but because of the Likud's unexpected gains in the elections, they were brought to the threshold of Knesset membership.

It new appears unlikely that the government can muster a majority to pass the law. Although the Labour Party prior to the elections was committed, it seems likely to oppose it now, because its enactment would make it easier for the government to function.

Michal, a member of the Noar Lenoar youth organization, visits a woman in Jerusalem's German Colony quarter, as part of a campaign to visit elderly people before the new year. The youth volunteer organization presents each person it visits with a bunch of flowers and a Rosh Hashana card. (Elharar, Scoop 80)

Too many ministers vying for places

Begin plans to re-establish ministerial defence committee

Post Diplomatic Correspondent

Prime Minister Menachem Begin told the cabinet yesterday that he hopes to set up a ministerial defence committee as soon as possible — "despite the current problem of overbooking," with 12 or more ministers vying for the eight or nine places on the committee.

Begin recalled the Agranat Commission report (after the 1973 Yom Kippur War) which strongly recommended a formal defence committee rather than an informal "kitchen cabinet." He said the experience of the first administration (1977-81), in which a defence committee operated, amply bore out the wisdom of the Agranat Commission's view.

The premier's problem in selecting the defence committee — considered the cabinet's most prestigious panel — is compounded by several factors:

All ministers who were members of the last committee seem as of natural right to be members of the new one.

All ministers whose portfolios in any way touch on defence-related matters insist on being included.

Every party and faction in the Likud-led coalition demands fair and adequate representation in the new committee.

According to Begin, this adds up to 12 applicants. Other political sources put the number at 15.

The optimal membership of the committee is nine at the most, Cabinet Secretary Arye Naor explained yesterday. There are 18 ministers in the cabinet. The Agranat Commission made it clear that the defence committee ought not to comprise more than one-half of the cabinet members. Moreover, Naor said, if all 12 would-be members were included, the few remaining ministers "would feel aggrieved — and rightly so."

Meanwhile, the cabinet yesterday put together 10 other ministerial committees.

One important decision that became clear is that Finance Minister Yoram Aridor — and not chief economics coordinator Ya'acov Meridor — will head the important ministerial economics committee. (The committee has not yet been set up, owing to Aridor's absence abroad.) This arrangement seems plainly to establish Aridor's pre-eminence in economic affairs in the government.

Meridor will head a ministerial committee, also not as yet constituted, on "administration, coordination between departments, and follow-up on the state comptroller's reports."

Judge denies involvement in Marcus' alleged perjury

Tel Aviv District Court Judge Ya'acov Kedmi categorically denied yesterday that during his term as police investigations chief he had ever heard rumours of irregularities in the investigation of Amos Baranes for the murder of Rahel Heller, or that he was present at a meeting of senior police officers when some of these irregularities were allegedly discussed.

Kedmi testified yesterday in the Jerusalem District Court as a defence witness in the perjury trial of Shaul Marcus, head of the team which investigated Baranes, and Yehuda Albaz, a member of the team. They are accused of falsely testifying that Marcus was not present at the filmed reconstruction of the Heller murder in 1975. Baranes, now serving a life sentence for the murder, claims that Marcus was present and that he and Albaz forced him to go through with the re-enactment even though he protested his innocence.

Kedmi was called to refute the testimony of Sgan-Nitzav Uzi Navot, who was in charge of filming the reconstruction, that he met with Kedmi and the late police investigations head Arye Shor to discuss Navot's reservations about the way the Baranes investigation was handled.

Navot claimed that he refused to testify at the preliminary stage of Baranes' trial because he saw Marcus at the reconstruction and didn't want to contradict other policemen who testified that he was not there. He was then called to meet with Shor and Kedmi, then a district attorney, who allegedly told him: "Look, this is the third team to investigate the Heller murder. Marcus made a small, unimportant mistake. You certainly wouldn't want to damage the whole (investigation)." Navot testified that it was agreed then that he would testify only at a later stage of the Baranes trial.

Kedmi, questioned by Marcus who is acting as his own counsel, said: "I say clearly and unequivocally that there was no such discussion (with Shor) as Navot described." Furthermore, Kedmi said, "I never told Navot what he says I did (because) he never discussed the matter with me and neither did his superiors."

Kedmi insisted that while he was investigations chief during 1975-77 he never heard, directly or indirectly, any rumour or bit of information about the Baranes case. The case was concluded before he assumed his post in the police, he said.

Kedmi also claimed that it was illogical for him to take part in such a discussion of perjury with Navot and Marcus, who Navot claims was also present. "Is it plausible that I would agree to put myself at the mercy of (Navot and Marcus), whom I didn't know and who were to be my subordinates? Why would I open myself up to possible blackmail on their part," he asked rhetorically.

Under cross-examination by prosecutor Yosef Ben-Or, Kedmi's clear, calm responses became emotional and sharp at times. Some excerpts:

Question — Shabbat Levy (Kedmi's deputy in the investigations division) didn't treat you as an "outsider" in the police (as Kedmi said others did). Why would he hide things from you that were going on in your own division?

Answer — It's hard for me to say. I assume that important matters weren't kept from me.

Q — If Levy heard rumours about (irregularities in the Heller case) why do you think he didn't tell you?

A — Maybe he didn't pay attention to loose talk. There's always gossip around.

Q — I'm talking about intelligence information that reached Levy and which should have set off an alarm with his superior.

A — He didn't talk to me about it.

Q — Levy said in his statement to the police that he had the impression that you were uneasy about the way Marcus handled the Heller case.

A — I'm sorry, you'll have to ask Levy what he meant.

Q — Levy said that he heard that Navot had reservations about the way the case was handled. Did he conceal this from you?

A — I won't say that he concealed things, but he didn't tell me about these things. You should keep in mind that ... the division head is isolated and doesn't have direct contact with those who spread rumours.

The testimony of the last witnesses was heard yesterday, and the trial will conclude in about a month and a half when the defence and the prosecution submit their summations in writing to the bench. (Itim)

Army lifts ban on 4 Druse after meeting with leaders

By YOEL DAR
Jerusalem Post Reporter

MAJDAL SHAMS. — The OC Northern Command has lifted movement restrictions it imposed for security reasons on four Druse on the Golan Heights.

The decision to lift the restrictions was made last week, following two meetings between Druse dignitaries and religious leaders and representatives of the Defence Ministry.

During the first meeting, the Druse dignitaries also asked the Defence Ministry to release five administrative detainees who were arrested four months ago, on suspicion of incitement against the state. The Druse delegation also called on the Education Ministry to reinstate three teachers who were dismissed for political activity last year, and requested that movement restrictions be lifted on other Druse residents identifying with the pro-Syrian groups.

In another development, Druse MK Amal Nasser Eddin (Herut) yesterday said that the government had made a "big mistake" when it decided to take back identity cards from Druse residents on the Golan. Eddin said this would be construed as a government surrender to the pro-Syrian groups, and would lead to more demands from the extremists.

The MK said he would start a public campaign to urge the government to annex the Golan Heights, and to apply Israeli law to its 13,000 Druse residents.

The government's decision to take back Israeli ID cards from Druse on the Golan also came under fire from Dimona Mayor Jacques Amir, who wrote to Prime Minister Menachem Begin, strongly condemning the decision.

In the letter, Amir says that the decision severely impairs Israel's credibility, and pro-Israel Druse have been left with no support against pressures from pro-Syrian groups. He also asked the premier to raise before the Knesset the proposal that Israeli law be applied to the Golan Heights.

Demonstrators break into Kollek's office

Jerusalem Post Staff

About 30 residents of Jerusalem's Mahane Yehuda quarter broke into Mayor Teddy Kollek's office yesterday to protest against the building of a bus terminal in the quarter.

The demonstrators, including children, entered the building one at a time so as not to be detected and, at a pre-arranged signal, broke into Kollek's fifth-storey office where a meeting was taking place. The children sat on the floor and began singing. Police arrived several minutes later, dispersed the demonstrators and arrested two of them.

The residents maintain that the terminal is being constructed without a proper licence and that it will endanger the lives of their children.

The residents' committee last night said the demonstrators dispersed after Kollek agreed to discuss their complaints with two of them. It said two men were picked up by police while waiting for Kollek and taken for questioning. One of the residents claimed Kollek attacked him physically (see picture page 1).

Singer Shoshi died of heart attack

TEL AVIV (Itim). — The death on Saturday night of David Ben-Rahamim Shoshi, the ex-convict who recently achieved fame for his songs, was apparently caused by a heart attack.

Shoshi, 36, who was heavily built, is reported to have complained lately of pains in his chest. But he ignored them, and worked hard at promoting his album of songs on prison life, among them the hit song *Fasuliya*.

Moshav demands army pay for fire damage

Jerusalem Post Reporter

KIRYAT SHMONA. — Residents of Moshav Ramot on the south Golan Heights are demanding millions of shekels worth of compensation from the Defence Ministry for damage caused by a fire for which they blame the army.

The fire, which raged for 15 hours on Thursday night and Friday morning, caused extensive damage to orchards and farm equipment in the area.

Israel, Egypt police to act against Sinai smuggling

By JEFFREY HELLER
Jerusalem Post Reporter

TEL AVIV. — Israeli and Egyptian police will cooperate to prevent the smuggling of cars and drugs across the Sinai, an Interior Ministry spokesman said yesterday.

A memorandum to this effect, which will also include links between the Israeli and Egyptian branches of Interpol, and a requirement by which each country must inform the other's consulate of the arrest of one of its nationals, will be signed in Israel in November, the spokesman said.

The decisions were taken last week during meetings in Cairo between an Israeli police delegation, led by Ya'acov Markovitz, director of the ministry's police division, and General Salah Ibrahim, undersecretary of the Egyptian Interior Ministry.

Dozens of Israeli cars — most of them luxury models and taxis — have been smuggled across the border into areas of the Sinai now under Egyptian control. Many were buried before a particular area was returned to Egypt and unearthed after the Israeli authorities left.

Egyptian and Israeli police will join forces in searching for the stolen vehicles, the spokesman said.

There have also been reports of hashish from Lebanon being dumped off the coast of Egyptian-held Sinai, where Beduin collect the drug and smuggle it overland into Israel. Tons of hashish packed in inner tubes have washed ashore along the Israeli-controlled Rafiah area coast.

Fights to Santa Katerina

CAIRO (UPI). — Egypt yesterday reiterated its refusal to allow Israeli tourists to fly directly to the Santa Katerina Monastery after all of Sinai is returned to Egyptian control next April, government officials said.

Instead, a domestic Egyptian airline company will be established to do the job, the officials said.

At present Israeli tourists can fly directly to the monastery.

Israel wants the practice to continue. But Egypt refused, declaring it would be a violation of its sovereignty.

General Federation of Labour

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In the framework of the new operational procedures, appointments with the family doctor will be reserved in advance, whether these be upon doctor's orders for return visits or by member's request through the clinic office (by telephone as well).

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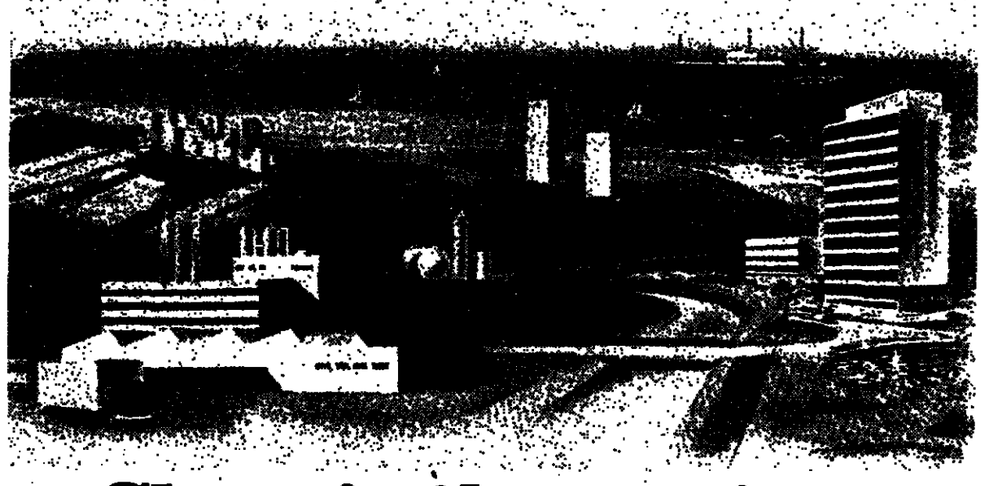

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Solidarity in uproar over new industry law

GDANSK (Reuter). — The Solidarity free trade union congress erupted into a major battle yesterday over a controversial new law on worker self-management.

Delegate after delegate took the floor to attack the union's national executive for accepting a compromise bill which gave both the Communist authorities and workers a share in the industrial decision-making.

The delegates, on the second day of what is expected to be a marathon two-week session, attacked the union leadership for what they described as a sell-out and for taking a decision without consulting the congress.

But Solidarity leader Lech Walesa and a handful of fellow-moderates defended the new law as a legislative landmark for workers' rights in Communist East Europe.

Saturday's opening session had already demonstrated that the 800-odd delegates representing 9.5 million Poles had lost none of their ardour despite a Soviet Bloc propaganda blitz against the first part of the congress held earlier this month.

Healey wins first ballot in crucial Labour Party vote

BRIGHTON. — Incumbent moderate Denis Healey, 64, yesterday topped the first ballot in a showdown battle between the opposition Labour Party's feuding left and right wings in elections for a new deputy leader and ultimate control of the party.

Voting in the party's new electoral college was 45.369 per cent for Healey, right-of-centre chancellor of the exchequer in the last Labour government, 36.627 per cent for radical left-winger Anthony Wedgewood Benn, 56, and 18.004 per cent for John Silkin, 58, the left-of-centre compromise candidate.

Failure to win 50 per cent meant Healey was not elected outright.

Silkin was eliminated and the field was left open for a straight contest between Healey and Benn later last night. Much now depends on whether his supporters abstain in this vote or throw their weight behind Benn.

Silkin said afterward, "The result was better than I expected. I came into this contest late and I had not expected a better result than this."

The new deputy leader is likely to succeed present party leader Michael Foot, 68, a moderate left-winger, when he steps down in a year or so. But political informants said the results could well decide whether the dissension-torn party comes under all-out left wing control.

Benn calls for unilateral disarmament, ousting of U.S. nuclear bases, and Britain's withdrawal from the European Common Market.

Healey wants to keep Britain firmly in NATO and the Common Market. (UPI, AP)

Court to rule on Trudeau's constitutional reform plan

OTTAWA (Reuter). — The political futures of Canada and Prime Minister Pierre Trudeau hang on a Supreme Court ruling today on the legality of his plan to amend and transfer the country's century-old constitution from Britain.

Chief Justice Bora Laskin will pronounce the long-awaited judgment before a national television audience in the first such public ruling in Canadian history.

The nine Supreme Court judges have deliberated for five months on whether Trudeau's proposals for constitutional reform are legal.

He wants to have Britain, the former colonial power, send the 1867 British North America (BNA) Act, which founded the Canadian confederation and still serves as its constitution, across the Atlantic after making final changes at Westminster.

The court became involved last April because the governments of eight of Canada's 10 provinces objected to Trudeau's proposals, which they felt would undercut their considerable powers.

At stake is the future balance of power between the provinces and the federal government in Ottawa.

The provinces say Trudeau acted against their wishes in asking Britain to insert a charter of rights and a complex constitutional amending formula into the BNA act before "patriating" it to Canada for good.

Trudeau, in power since 1968 with only a one-year break, sees his plan as vital to maintain a strong central government to hold together the diverse and distant provinces.

He acknowledged last week that his political future hangs on the ruling and hinted, though apparently in jest, that he would resign if it went against him.

Mistrial frees People's Temple aide

SAN FRANCISCO (Reuter). — A judge on Saturday declared a mistrial in the murder conspiracy case of Larry Layton, an aide to the People's Temple which destroyed itself in an orgy of murder and suicide in Guyana nearly three years ago.

Layton stood impassively with his lawyers while the jury said that after eight days it was hopelessly deadlocked.

Layton, the only American to stand trial in connection with the deaths, was charged with conspiring to murder Congressman Leo Ryan and plotting to harm U.S. diplomat William Dwyer.

Ryan was one of five person's killed by gunfire on a Guyanese airstrip after visiting the temple's jungle commune to investigate reports of abuse.

Soon after the shooting, People's Temple leader Jim Jones led 912 followers to their deaths in a mixture of mass suicides and murders.

★ ★ ★ ★

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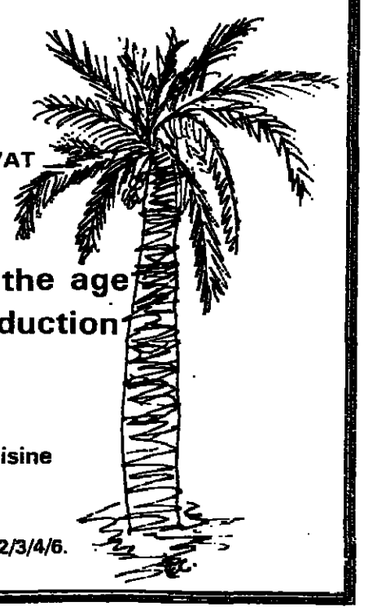

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Helicopters hover overhead as the Chinese army storms a hill during recent military maneuvers. The war games were reportedly the largest in decades. (UPI telephoto)

Turkish truck drivers abducted by gunmen in Iraq

ANKARA. — An unidentified group of gunmen in northern Iraq attacked and set fire to nine Turkish transport trucks, kidnapping 15 drivers and passengers, the Foreign Ministry announced yesterday.

The announcement said the attack against Turkish trucks occurred on Thursday night at a petrol station about 41 kilometres from the Turkish-Iraqi border while the trucks were lined up for fuelling.

Officials said four drivers later escaped but the 11 others still were being held hostage in an unknown area. There were no casualties during the incident. Seven trucks were totally destroyed.

The trucks were loaded with food and cement, officials said. But, according to some Turkish newspapers, the trucks were also carrying medical supplies for Iraq.

The Foreign Ministry said there was no immediate indication who had staged the attack or why the drivers had been abducted.

However, Kurdish nationalist guerrillas have in the past kidnapped a number of foreigners working in northern Iraq to publicize their demands for autonomy from the central Baghdad government. (AP, Reuter)

10 hurt in Springboks clash

NEW YORK (UPI). — Ten policemen were injured and five persons were arrested in a clash at Kennedy International Airport Saturday between police and demonstrators protesting the tour of the South African Springboks rugby team, authorities said.

One policeman injured in the clash between about 60 protesters and police may lose sight in one eye because the demonstrators sprayed mace in his face, police said.

The officers were members of a force assigned to the Port Authority of New York and New Jersey, which operates the airport.

The four women and one man arrested were charged with assaulting police officers and inciting to riot, a police spokesman said.

The spokesman said the demonstration began shortly after 5 p.m. with protesters gathering in front of the airport's British Airways terminal, which also houses South African Airways.

The Springboks were in Albany at the time of the demonstration.

Demonstrators have protested the team's American visit because of South Africa's policy of racial segregation.

Massive fire raging in Italian oil refinery

LECCO, Italy (Reuter). — Firefighters battled yesterday to contain a massive blaze at an oil refinery, which injured at least seven people and was apparently triggered off by a series of explosions.

A fire brigade official in this north Italian town described the fire as "enormous," and said teams of firefighters called in from all over the province were trying to keep the flames from a giant tank filled with highly volatile petroleum products.

Four oil tanks at the Iliea oil refinery near Lecco have already been destroyed. Two of those injured were said to be in serious condition.

Double inauguration for Paris-Lyon super train

LYON (AP). — The world's fastest passenger train, the French TGV, pulled into this central French city yesterday morning after covering covering the 450-kilometre distance from Paris in 2½ hours.

French national rail officials also used a second train, which arrived a few minutes later, in the inaugural run to handle the overflow from the 772 ticket holders, many of whom had made reservations two months ago.

The TGV set a world speed record of 380 kph last February. It will cut about an hour off the regular non-stop train trip between Paris and Lyon.

Egyptian diplomat dies in Yugoslav clinic

BELGRADE (AP). — Mohammed Riad, a secretary of state in the Egyptian Foreign Ministry, died at the Ljubljana clinical centre in northern Yugoslavia yesterday, Egyptian sources said.

Riad, who was 57, had been suffering from cancer and had been hospitalized in Ljubljana for three months, the sources said.

AMERICAN ISRAELI PAPER MILLS LTD.

Notice to Holders of Ordinary Shares

In view of the confusion prevailing among holders of our company's shares during the last few days, we wish to bring to your attention the following matters:

(1) According to the resolutions passed at the annual general meeting and at the extraordinary general meeting of shareholders held on August 23, 1981, the company is effecting a stock distribution at the rate of 40%, and a consolidation of the company's shares, thereby converting every ten shares of IS1 par value ("Old Ordinary Share") into one Ordinary Share of IS10 par value ("New Ordinary Share").
(2) "The effective date" for the above combined action was September 18, 1981.
(3) As a result of the above, every holder of 100 "Old Ordinary Shares" will receive 14 "New Ordinary Shares."
(4) A notice to this effect was published on the Tel Aviv Stock Exchange and the American Stock Exchange, New York, on August 24, 1981.
(5) Taking into account the effects of the above actions, the last quoted price of the "Old Share" on the American Stock Exchange and their "effective dates" (September 18, 1981) of $1.25 is equivalent to about $8.93 for the "New Share."
The price of this share on the Tel Aviv Stock Exchange is quoted as an index of the par value. Therefore, the new quoted price after the above-mentioned combined actions expresses only the increase of the company's capital by 40%, which is the ratio of the stock distribution.

Shareholders are requested to pay attention to the above information when giving instructions for purchase/sale of the company's shares.

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Reagan becomes 'vulnerable' to criticism of his policies

WASHINGTON (Reuter). — President Ronald Reagan is showing signs of vulnerability to criticism and his responses are conflicting as storm clouds gather over economic and foreign policies.

He has described opponents of his economic policies as "chicken littles," after the dim-witted character in a children's story who ran around crying out that the sky was falling down after being hit on the head by a falling acorn.

Reagan has been trying to make clear his determination to stay the course despite criticism, and last week he again took to the airwaves in an attempt to recapture the triumph of his televised economic address to Congress on April 28, a month after he was wounded in an assassination attempt.

The congressmen who greeted his April address with thunderous applause, and approved his sweeping tax and spending cut plans in near-record time, were blasting his latest proposals even before he made them public.

His fellow Republicans warned that Congress would not go along with further cuts in social spending to balance the budget while military funds were maintained. They also told the president his proposal to sell AWACS radar planes to Saudi Arabia was doomed without substantial revisions.

The signs of trouble are all around, not just in Congress:

• Wall Street investors are showing no confidence in his economic policies, as measured by declining share prices and near-record interest rates.
• Organized labour mustered 250,000 protesters in Washington last weekend against what is popularly called Reaganomics.
• Public opinion has turned against Reagan's economic policies.
• Mayors and state governors oppose deep new budget cuts and demand that Pentagon spending be reduced.

Apart from facing trouble on the budget, the president is already in retreat on AWACS. Administration aides are trying to avert a sure defeat if the deal is presented to Congress in its present form and to reassure Israel.

Reagan several times accused opponents of demagoguery, yet charged the Democrats' social programmes failed because they "didn't eliminate poverty or raise welfare recipients from dependence to self-sufficiency."

This was like arguing the U.S. should disband the army because it did not win the Vietnam war. Some Americans believe Reagan's comments suggested he might be feeling vulnerable.

Young Russians told to quit night school, become parents

MOSCOW (UPI). — Young people in the Soviet Union should stop going to night school and start making more babies, a prominent demographer said yesterday.

The frank advice from Viktor Perevedentsev reflected the concern among Soviet authorities with the population trends in the nation of 267.7 million. Statistics show that the Caucasian part of the population is fast losing ground to the Asiatic portion.

The most interesting comment in the interview in the youth newspaper *Moskovsky Komsomolets* dealt with the life style of married persons under 30 years of age, who produce three-fourths of the children in the Soviet Union.

"Millions of young people study at extramural and evening departments of institutes and colleges," the demographer said.

"It demands a lot of time and effort to work in the daytime and to study in the evening," he said. "If they are planning on having a child, then study should be given up."

"In this connection it is better to orient older people to evening and extramural forms of studying," he said.

Perevedentsev said that 1981 should mark the start of the turning point in the deficit of males in the population.

"Since 1963, the birth rate of girls has been lower than that of boys," he said. "Women born in that year are now reaching marriageable age," Perevedentsev noted, meaning that the lower birth rate of women will be converted into a more balanced male-female ratio.

Statistics published in 1959 showed there were 20.7 million more women than men in the country. By 1980 that margin had been reduced to 17.8 million.

Spanish prisoners on mass hunger strike

BARCELONA (UPI). — More than 1,700 inmates of Barcelona's Modelo Prison refused food for the second day yesterday to press demands for better jail conditions.

The director-general of Spanish jails, Enrique Galavis, urged an end to the mass hunger strike.

He said the inmates demands for less crowded conditions, acceleration of penal reforms already approved by parliament, and for quicker trials could not be met overnight.

But a spokesman for the 1,729 hunger strikers — 75 per cent of the jail's inmates — said they would continue to refuse food.

Cashing in on the Olympic symbol

NAIROBI (Reuter). — The U.S. cast the only vote against a draft treaty to protect the five-ring Olympic symbol from unwarranted commercial use.

The American action at the World Intellectual Property Organization conference here on Saturday night is viewed as damaging to efforts to accord the International Olympic Committee sole control over the emblem's commercial use. The IOC estimates it could earn about $12 million by controlling the emblem in normal years and about $30 million in Olympic years. The money would be channelled to Third World countries to boost their sports programmes.

A U.S. delegate said his country regretted its vote but had no alternative as American law gave control of the emblem to the U.S. National Olympic Committee and he doubted a change could be made.

Venezuela's former president gravely ill

NEW YORK (AP). — Former Venezuelan president Romulo Betancourt is in "critical" condition following a massive stroke, a hospital spokesman said yesterday.

Betancourt, 73, fell ill in his New York City apartment last Thursday and was taken to Doctors Hospital.

Betancourt was elected president through 1959-1964 after a military coup that ousted the Marcos Perez Jimenez dictatorship.

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The Prime Minister
The Knesset Speaker
The Israel Defence Forces
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15,000 squatters hold peaceful protest

BERLIN (UPI). — West Berlin's squatters took to the streets again yesterday in a peaceful protest against the housing policy of the city government and the death of a young militant in rioting triggered by police eviction of squatters.

Some 15,000 squatters and their sympathizers, calling for the resignation of the city legislator who ordered the evictions last Tuesday, Heinrich Lummer, staged a two-hour peaceful march that took them past the spot where 18-year-old Klaus-Juergen Rattay was killed by a bus during the violence, police said.

Harry Truman's widow, 93, suffers stroke

KANSAS CITY, Missouri (UPI). — Former first lady Bess Truman, 93, suffered a stroke and was admitted to Research Medical Centre in serious condition yesterday.

Her longtime physician, Dr. Wallace Graham, said the wife of the late Harry S. Truman suffered the stroke late on Saturday at her home in Independence.

TIMES. — Sunday dawned in London without *The Sunday Times*, the flagship of Fleet Street, because of a new labour dispute between the newspaper's owner, Rupert Murdoch, and its printers.

Sport

Ryan's 5th no-hitter sets all-time record

NEW YORK (AP). — Nolan Ryan set an all-time major league record with the fifth no-hitter of his career, allowing only three walks as he pitched the Houston Astros to a 5-0 victory over the Los Angeles Dodgers in Saturday's baseball action and kept Houston on top of the National League West.

Ryan, 34, had been tied with Sandy Koufax for the most no-hitters in a career. He has also thrown seven one-hitters.

A crowd of 32,115 cheered with Ryan's every pitch as he approached the historic achievement with his fifth masterpiece. Prior to the ninth, he had given up only three walks. In the final inning, Ryan fanned pinch-hitter Reggie Smith on three pitches for his 11th strikeout of the game. Ken Landreaux grounded out at first base, and Ryan coolly completed the performance by getting Dusty Baker to ground out at third base.

Who's an Israeli basketballer?

Post Sports Reporter

Israel's basketball world is in an uproar after Maccabi Tel Aviv and national team coach Ralph Klein came out strongly against the "overabundance" of American players in the local league.

Klein, who was talking to newsmen over the weekend, said he didn't have "anything personal" against the visiting American contract players but he believed clubs had to be made to toe the line diligently in terms of regulations about how many foreign players could appear in their line-ups. He also criticized some clubs for engaging in all kinds of shenanigans to get extra Americans on their books by passing them off as Jewish even though they clearly were not. There are all told no fewer than 39 non-Israeli players appearing in the league this season.

Other critics have also complained about the high wages the Americans are earning despite the fact that crowd attendances for most league matches rarely exceed the few hundred.

A spokesman for Hapoel Tel Aviv, Maccabi's chief rival for hegemony in Israeli basketball, and against whose club Klein's barbs were evidently directed, said it was a question of the Maccabi coach "being in a glass house and throwing stones," since Maccabi had always been "stacked with American stars."

All in the family

Post Sports Reporter

TEL AVIV. — Cecil and Rhoda Cooper kept the top honours in the family by winning both singles final the Savyon Bowls Club's annual championships over the weekend. Cecil Cooper edged Cecil Bransky 21-20 in the men's event, while his wife Rhoda retained the women's title with a 21-16 win against Molly Skudowitz.

At the Ramat Gan club championships on the other hand, the Chervonsky family had mixed fortunes. Jean Chervonsky teamed up with Helen Gordon to retain the women's pairs crown, beating Rina Lebel and Lilly Milstein 25-10 while Jean's husband Baruch and Jack Rabin went down 25-12 to Okke Rabinowitz and Nathan Lazarus in the corresoponding men's event.

Rabinowitz thus completed a great double, as he had earlier won the men's singles title at Ramat Gan, coming through 21-10 against Rabin in the final. Bernice Katz captured the women's crown, cruising to a 21-4 victory over Phyllis Geffen.

SCOREBOARD

RUGBY: Scotland beat Rumania 12-6 at Merrayfield. All the points in the match, played in driving rain and swirling winds, came from penalties.
SOCCER: The Chicago Sting captured their first ever North American League championship when they beat the New York Cosmos in Toronto. The match was decided on a sudden-death shootout after a goalless draw.
BOXING: Juan Herrera of Mexico won the WBA flyweight title when he stopped the holder Luis Ibarra of Panama in the 10th round. His victory prolongs a jinx on WBA flyweight champions: in the past two years no defending champ has successfully outlasted a challenger.

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Sunday, September 27, 1981

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WEEKLY REVIEW

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Heavy Weather

Interest Rates Seem in No Hurry to Fall

By JONATHAN FUERBRINGER

WASHINGTON

THE long-awaited decline in interest rates, necessary to give President Reagan's economic program a chance, is still long awaited. Despite a drop in the prime lending rate last week, the rest of the economic signals were a reminder that there are as many forces holding interest rates up as pushing them down; and that Mr. Reagan is caught between these forces even as he adds to the pressures that keep rates up. His outline of future spending cuts, far from reassuring the financial markets, played into the fear that promises of a balanced budget in 1984 will not be made good by Congress.

Worries about future deficits, current inflation and the Federal Reserve Board's restrictive monetary policy combine to create the dour expectations of Wall Street. The dip in the prime, to 19.5 percent, wasn't 24 hours old when Congress responded negatively to the White House's new budget cut notions and the Treasury announced a new round of borrowing. That, together with a draining of reserves from the banking system by the Fed — interpreted as a signal that the money supply may be tightened again — kept short-term rates from falling further; some long-term rates pushed up again.

A sign that interest rates may be declining, such as the one given by the prime last week, can still make headlines. But the declines are not what they used to be: "Interest rates," A. Gilbert Heebner of the Philadelphia National Bank said last week, "will only be coming down in a grudging way." Some economists, like H. Erich Heinemann of Morgan Stanley & Co., call the markets' long wait for proof that the Administration and Congress can cut the budget more than once the "risk premium." The risk is that deficits will continue to grow.

Meanwhile, the decline in the inflation rate has not yet been steep or long enough to turn any heads, as last week's report that August's consumer price increase was eight-tenths of 1 percent demonstrated. Some economists contend that it could be nine months or more before even a moderating trend will be believed.

Perceptions Matter Like Fact

The concerns over deficits and inflation are now feeding one another. But while market expectations and interest rates are actually influenced by inflation prospects, the effect of deficits on rates and inflation is more psychological. For instance, a $75 billion deficit in 1982, as a percentage of the gross national product, would be about the same size as the deficits in 1977 and 1978. Today, however, simply the perceived effect carries weight.

Then there is the Federal Reserve, whose policy of curbing inflation through a slow decline in the rate of growth in the money supply is, in today's climate, a prescription for continued high rates. Officials from chairman Paul A. Volcker on down say the Fed won't ease up now, and even easing would bring only temporary relief. The markets would bet that faster money growth would lead to a new round of inflation. The markets would then play their inflation trump, quickly pushing rates up again.

These are the pressures keeping interest rates high. Working against those pressures is the downward pressure of the economy, which continues to be sluggish if not in recession now or soon, as 53 percent of those attending the National Association of Business Economists last week concluded. A slower economy means less demand for borrowing, and so less pressure on rates. Interest-rate watchers have also expected that the Fed's recent move to bring the closely watched component of the money supply called M-1B up to or just near the bottom of its target range would ease pressure by supplying new credit.

Different analyses bring different results. The Reagan Administration is positive, betting that changing expectations and continued moderation in inflation will bring interest rates down soon. The Congressional Budget Office is somewhat optimistic, following the Administration's overall outlook fairly closely but parting company when it comes to interest rates. Officials at the Fed meanwhile acknowledge that their restrictive policy for 1982 will continue to inhibit economic growth and could keep the prime rate, for instance, at 15 percent or higher.

Many independent economists also don't see much improvement. Wharton Econometrics predicts that the prime rate will be around 20 percent at the end of this year; last week, the business economists put the rate at *the end of 1982 at 15.1 percent.*

Allen Sinai of Data Resources Inc. sees some hope for his clients now, because of the Fed's recent moves on M-1B and the slow economy. But "it must be remembered," said Mr. Sinai, summarizing the markets' position and Mr. Reagan's bind, "that the bond market normally does not register major improvements on better inflation rates until a year or two after a turn on prices (inflation) has occurred. The bond markets continue to need more evidence of a full-fledged recession, (and) a new round of budget cuts for additional improvements to occur."

Polish brinkmanship felt also in Moscow and Eastern Europe

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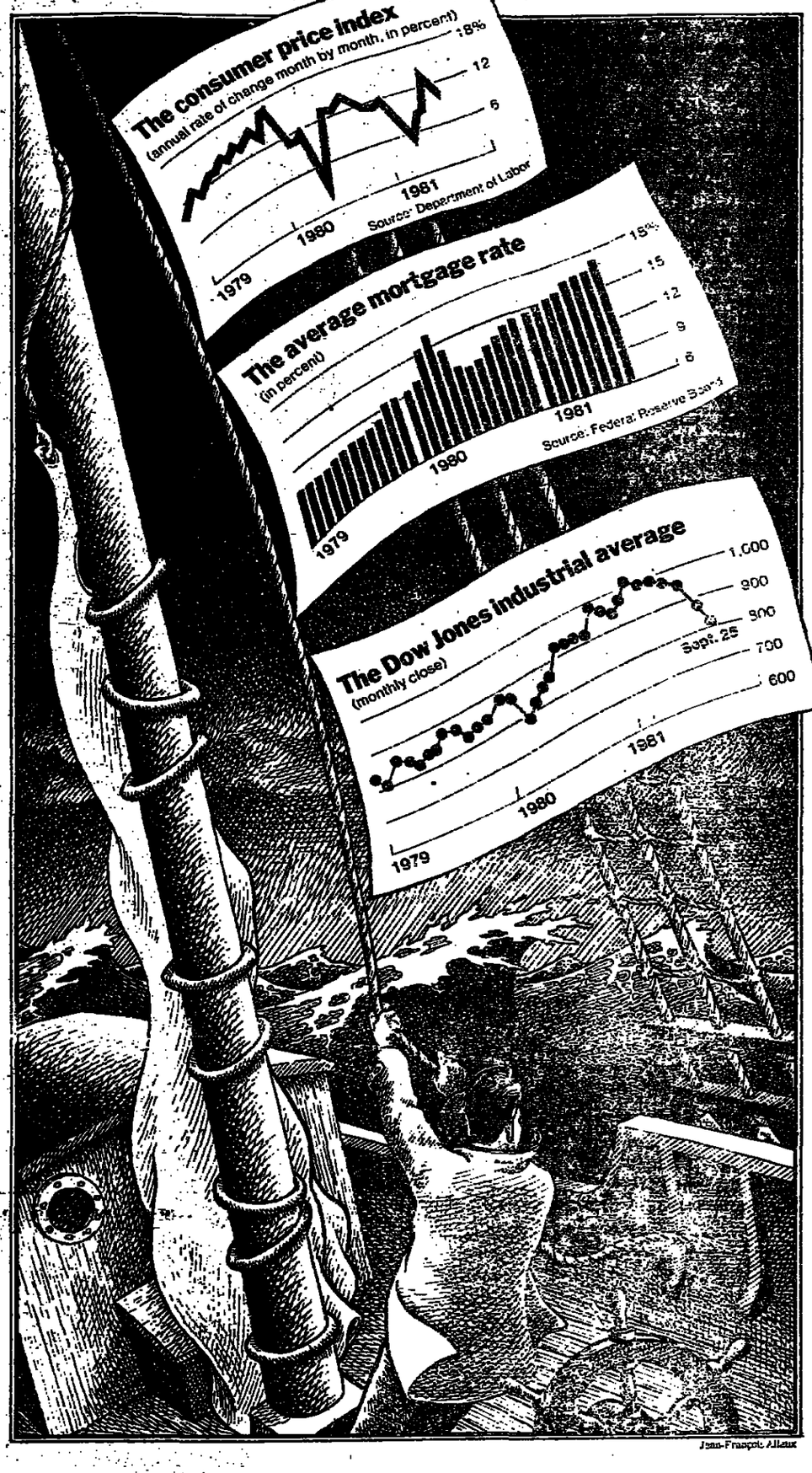


Jean-François Allaux

Major News

In Summary

Reagan Moves Closer to the Budget Bone

President Reagan almost always *looks* like a winner on prime time, but it remains to be seen how well last week's call for patience and some sacrifice will play in Washington and beyond.

After conceding that Reaganomics wasn't the moral equivalent of a quick fix, he asked the Congress to make deep cuts in domestic programs while giving the Pentagon's share of the budget only the slightest of shavings. And he served notice on the board rooms of the land that he will seek tax code changes designed to bring in an additional $3 billion next year, most of it wrung out of business.

"The important thing now," said Mr. Reagan, "is to hold to a firm, steady course." To reduce Government spending by $13 billion in the 1982 fiscal year and thus hold the deficit to $43.1 billion — making a balanced budget perhaps possible by 1984 — Mr. Reagan asked Congress to cut:

- Spending for such mandated entitlement programs as Medicare and food stamps. (But he backed away from a proposal to delay cost-of-living increases for recipients of Social Security payments, maintaining that "Our feet were never embedded in concrete on this point." *(Social Security options, page 3.)*)
- Discretionary spending — outlays not required by law — by 12 percent in most civilian agencies and programs.
- Nearly $20 billion in Federal loan guarantees, which the President criticized as "back-door, uncontrolled borrowing."
- The number of Federal employees (except for the Pentagon's white-collar legion) by 75,000.

Other revenues will be produced, he said, if Congress follows his advice and permits a crackdown on deadbeats who owe Washington money and increases user fees for a variety of currently free-of-charge Federal services.

Further, Mr. Reagan said he wanted to speed up the timetable for scrapping two Government departments, Energy and Education.

Democrats were predictably critical, and some influential Republicans said they doubted that the President would get the cuts he wants. Senator Jake Garn, the conservative Republican from Utah who heads the Banking Committee, said, "It's unrealistic to think we can cut 12 percent across the board in programs that we've already cut." Senate Majority Leader Howard H. Baker Jr., a Republican from Tennessee, predicted that Congress would "almost certainly" trim the military's budget by more than the $2 billion the White House proposed. (Perhaps coincidentally, the Pentagon plans to make public this week a detailed report on Soviet firepower. Apparently the Aadministration hopes to impress the Atlantic alliance, and the American Congress, with the unmatched military buildup underway in the East.)

Budget Director David A. Stockman warned that the Administration stood ready to use the veto as "an enforcement tool." But the difficulties of making reductions stick was made clear late in the week. Government spokesmen said that plans for lowering the nutritional requirements for school lunches were being temporarily scrapped.

Koch Redefines 2 Party System

Those who find history boring might have dozed off as they watched it being made at the New York City polls last week. In a political coup that capped weeks of utterly bearable suspense, Mayor Koch became the first city candidate to win Democratic *and* Republican nominations.

Disaffected minority voters dampened the accomplishment a bit, turning out in unusual strength to support Mr. Koch's opponents in the primaries, Democrat Frank A. Barbaro and Republican John A. Esposito. The two apparently collected enough black votes to deprive the Mayor of the record majority he sought. Nevertheless, he likened the feat of capturing 69 percent of the Democratic vote and two-thirds of the Republican vote to climbing the World Trade Center, if not Mt. Everest.

While the question of when the races would be held often generated more interest than that of who would win them (the Justice Department having delayed citywide and boroughwide primaries 12 days and councilmanic races for months because of Voting Rights Act violations), some side issues emerged.

Elizabeth Holtzman's victory over Norman J. Rosen, the party leadership's candidate for the Democratic nomination for Brooklyn District Attorney, was seen by some to signal a fading pulse for the Brooklyn Democratic organization.

While Harrison J. Goldin easily defeated John C. Dearie to win renomination as the Democratic contender for City Comptroller, Andrew J. Stein had a rough time beating City Clerk David N. Dinkins for Manhattan Borough President. Mr. Dinkins got 47 percent of the vote despite an early line that said he would be trounced, since the incumbent outspent him by two-to-one. The City Clerk thus laid claim to a pivotal role among the city's black political leaders.

Reagan Holds To the Course That Brought Him This Far

By ADAM CLYMER

THE pragmatist and the conservative true believer in Ronald Reagan fought over economic policy again last week. The true believer won. Calling for more slashes in domestic spending and just a nick out of defense, he demanded that a weary Congress go back at the budget until they get it right.

Even critics like Charles T. Manatt, chairman of the Democratic National Committee, conceded that the television address was "as always, a good political speech." There was firmness, reassurance, and even an untypical *call for sacrifice, along with the $13 billion solution.*

But in the capital, there seemed to be dubious prospects that Mr. Reagan would get the cuts he wanted, in the way he wanted them. Mr. Reagan had been told that, however, before his speech. So his response reflected confidence in the correctness of his approach, recognition of the necessity to cut the deficit, and perhaps faith in his ability to confound the conventional thinkers and win, rather than the warnings of the doubters.

Even though Mr. Reagan came to Washington with a reputation for having shrewdly compromised when he was Governor of California, his record here has been one of insisting on major items, and dealing only around the edges. For example, on the tax bill, almost all the "concessions" he made to buy votes lowered taxes he didn't like much anyway. So his response Thursday was not really all that unlikely.

What happens if he loses, if indeed the results are that clear? Democrats would shout that his remarkable winning streak had been broken and that he was on the run. But really, a Presidency succeeds by winning much of the time, not all the time. And he has a lot of crucial victories in his column already.

Mr. Reagan could indeed lose the next fight for budget cuts without irreparable damage to his Presidency, without losing forever the ability to extract more reductions. The argument that the Congress is scarred and tired of politically painful budget cutting now, but could do it again next year if his popularity remains high, is not rendered false because he rejected it Thursday. The argument could turn out to be true next March anyhow, and a fleeting setback might be welcome political ammunition for Republicans in the 1982 elections, as Democratic poll taker Peter D. Hart suggested.

Variations of Firmness

But there is also a risk that if Congress discovers that Mr. Reagan is not invulnerable after all, it will worry more about the political interests of its many constituencies than about the generalizations of the national mood it learns from opinion polls and televised speeches. Mr. Reagan may find himself embattled in the ways that most recent Presidents have been.

Clearly, the President was not choosing the only possible course. There were those among the President's advisers who counseled a different tack, one that would have argued that firmness consisted of trying to face down the financiers, not the lawmakers. This camp argued that the markets demanded too much, that substantial cuts had already been made in the budget, that promises had been made on Capitol Hill that had to be kept, and that next year was soon enough to expect more.

Some in the Administration think it should have been more stoical, arguing that the near panic voiced by returning Republican lawmakers after Labor Day proved contagious. It is Mr. Reagan's argument, of course, that nothing has yet failed to work, since the tax cuts don't begin until this week. Even so, his plan did include the expectation of prompt Wall Street enthusiasm. That hope persisted in the Administration through the summer excitement of passing budget and tax bills, even if there was no evidence that it would come true.

The question of what the Administration might have done about the problems as they developed in August and September is frequently asked, but there are a few obvious answers. Cutting defense spending is an approach Mr. Reagan plainly considers dangerous; slashes in domestic spending generally hurt programs he does not like to begin with. Seeking to postpone the tax cut voted in July would have amounted to a very quick admission that it was much less than the sound economic maneuver which Mr. Reagan enthusiastically labeled it only two months ago on national television.

A Push Too Soon?

There does seem to have been one thoroughly avoidable White House contribution to the problem — the President's four-week vacation. It dissipated the enthusiasm of the votes on the tax cut and made the Administration of September seem more like a new volume than just the next chapter. And in the process that heightened the impact of the bad news on interest rates.

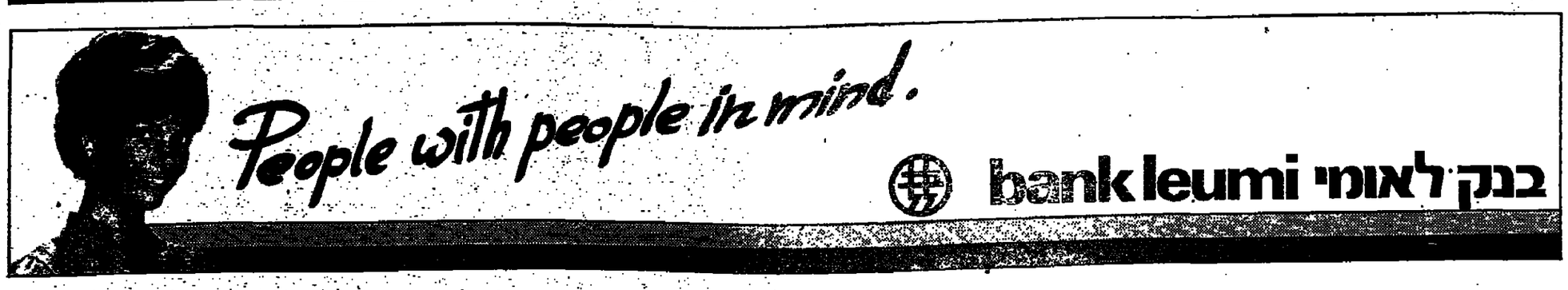
However they developed there are indeed problems now. Republicans like Representative Jim Leach of Iowa, *the new head of the Ripon Society, offer broadsides* against the conservatism of the Administration and promised to try to tackle the Pentagon budget. Democrats met last week in Des Moines sounding upbeat, telling themselves that changing their Presidential nominating rules again may matter more than they once thought, for they may be not picking just a nominee but a President.

Pushing Congress for budget cuts so soon again may invite a resistance that will change a summer mood of some real political self sacrifice (not unblemished with opportunism) back to politics as usual, a willingness to talk about budget cuts overcome by an unwillingness to vote for them.

These are some of the short-term risks in the Administration's situation. But they can be exaggerated in their importance. An ABC News/Washington Post poll showed last week that even though there appears to be rising public willingness to consider the budget cuts as already too severe, Mr. Reagan's approval rating is undiminished, steady at 61 percent. Even when public concerns begin to focus on his basic strength, expectations about the economy, they don't yet seem to rub off on him personally.

Mr. Reagan's frequent and consistently successful use of television gives him one critical advantage over his predecessors in their times of trouble. President Nixon could use television effectively in self-defense when he was challenged on foreign policy, but it failed him during the Watergate mess. Presidents Carter and Ford had only rare moments of electronic effectiveness. But Mr. Reagan has used it masterfully, both on the American people as a whole and on a more select audience, such as the House of Representatives in July. However, the early returns from Wall Street on Friday showed that it had not been impressed; bond and commodity prices plunged and the Dow Jones average dropped 11.13 points, closing at 824.01.

That underlined the fact that just as he could lose on this latest round of cuts and still succeed in the end, Mr. Reagan could succeed now and fail ultimately — if his program does not work.



The Nation

In Summary

C.I.A. director William J. Casey, on crutches because of leg injury.

A Bid to Insure Secret Agents Stay That Way

Though many would consider the disclosure of a secret agent's identity a crime, efforts to make it one have [illegible] to succeed. But last week the [illegible] approved a bill that would send [illegible] convicted of betraying an [illegible] to prison for up to 10 years. [illegible] of a similar measure in [illegible] considered likely.

[illegible] had been pushing for [illegible] measure for more than five years, [illegible] the Central Intelligence Agency [illegible] station chief in Athens, Richard [illegible] was assassinated following publication of his name, and the subsequent disclosure of other agents by a notorious former one, Philip [illegible].

[illegible] from the House Intelligence [illegible] to the floor, however, [illegible] was expanded to cover [illegible] with an "intent" to [illegible] through such activities [illegible] merely "had reason [illegible] would, a category [illegible] journalists. Wary [illegible] difficulties, Representative [illegible] P. Bowland, the [illegible] chairman who originally had sought such a law, joined 55 other Democrats in opposing it.

Testifying before a Senate subcommittee the next day, William J. Casey, Director of Central Intelligence, asked Congress to go further and exempt the agency from the Freedom of Information Act. "There are inherent contradictions in applying a statute designed to secure openness in government to agencies whose work is necessarily secret," Mr. Casey said.

How open? How secret? The Justice Department was reported readying a suit last week against an ex-C.I.A. chief, William E. Colby, who failed to clear a European edition of his 1978 book about the agency, "Honorable Men," with the Government. Though no criminal charges are anticipated, Mr. Colby might be forced to share some of his royalties with his former employers.

Fewer Berths for The Boat People

Fewer people are said to be fleeing the political and economic turmoil of Southeast Asia, but if the Administration has its way, that will not necessarily ease the competition among them to get into the United States.

Attorney General William French Smith told the Senate Judiciary Committee last week that Washington wants to reduce dramatically the number of Indochinese refugees admitted in 1982.

Mr. Smith acknowledged that American involvement in the Indochinese war had created a continuing need for a "significant" expatriate program. Under the Refugee Act of 1980, more than 120,000 of a permissible 168,000 Indochinese have been taken in this year.

Mr. Smith recommended that no more than 120,000 Indochinese be admitted next year, and that new ways be found to discourage potential Asian refugees from leaving their homelands — except those who are suffering under what Mr. Smith termed the repression and paranoia of the Communist regimes in the area.

The importance of that distinction was demonstrated again last week in the case of the Caribbean's "boat people," the Haitians who have come to Florida in the tens of thousands in the last two years. Two more boats arrived near Miami, one carrying 113 passengers who had been 21 days at sea; one voyager died of dehydration as the boat gained the beach.

Those who survived will doubtless join the 1,062 Haitians held in a former missile base with beds for 530 people on the edge of the Everglades, or at other detention centers, before deportation back home. Under the 1980 Act, political refugees are legitimate immigrants; economic migrants, including the Haitians, are not.

Symbolic Gesture Of $12.50 a Day

In spite of arguments that the uniqueness of their case entitled them to special compensation, the Americans held hostage in Teheran were seen by a Presidential commission last week as similar to prisoners of war in World War II, Korea and Vietnam. The commission recommended that 51 former United States Embassy personnel each be paid a tax-exempt benefit of $5,550, or $12.50 for each day spent in captivity — a sum (adjusted for inflation) similar to that paid by the Federal Government to captured military men as a "symbolic gesture" recognizing hardships endured.

Lawyers for the former hostages contended that in none of the precedents the commission cited had the United States surrendered the right of individuals to claim damages against a foreign government. They argued that the commission should consider what the hostages might have received through suits against Iran, conceivably as much as $1,000 a day.

Even prior to the release of the hostages in Teheran on Jan. 20, their relatives were informed that the Carter Administration had been forced to forfeit the hostages' rights to sue Iran to gain their release. According to Louisa Kennedy, wife of a former hostage, Moorhead C. Kennedy Jr., "We knew this was coercion, but there was only one way and we wanted to get them out."

Reactions of the former hostages and their families to the commission's recommendations ranged from laughter to outrage. Mrs. Kennedy herself regretted that the memory of a crisis "which involved a whole era for this country" might be reduced to a sum such as $12.50. But she added that the American people had already provided a kind of compensation with their joyous welcome home.

Another Day in The Oval Office

Last week came a fresh reminder that the extraordinary plotting and scheming of the Nixon Administration by no means began with Watergate. The transcript of a newly disclosed White House tape, published in The New York Times, revealed President Nixon and his chief of staff, H. R. Haldeman, discussing ways to punish protestors against the Vietnam War. At one point, they paused briefly to speculate whether the Chicago Seven conspiracy trial defendants were "all Jews," as Mr. Nixon at first wondered, or "about half" were, as he concluded.

May 5, 1971, as a voice-activated recorder preserved the conversation in the Oval Office, Mr. Haldeman suggested secretly recruiting "thugs" who could be unleashed on participants in an antiwar protest then under way in Washington. He said they could probably be recruited with ease from the teamsters union.

PRESIDENT: They, they've got guys who'll go in and knock their heads off.

HALDEMAN: Sure. Murderers. Guys that really, you know, that's what they really do. Like the steelworkers have and — except that we can't deal with the steelworkers at the moment.

PRESIDENT: No.

HALDEMAN: We can deal with the teamsters. And they, you know . . . .

PRESIDENT: Yeah.

HALDEMAN: . . . it's the regular strikebusters-types and all that . . . and then they're gonna beat the [obscenity] out of some of these people. And, uh, and hope they really hurt 'em. You know, I mean go in with some real — and smash some noses (tape noise) some pretty good fights.

A few second laters, according to the transcript, talk turned to the defendants in the controversial conspiracy trial.

Wondering about religion isn't illegal; authorizing an attack on demonstrators is. But it could not be determined that the "thugs" had ever been hired. In any event, Mr. Nixon is beyond the reach of the law because of the unconditional pardon he received from his successor. And the statute of limitations has expired on possible criminal infractions by Mr. Haldeman. But the tape could figure in legal action involving John N. Mitchell, who was Attorney General under Mr. Nixon and who has been sued by many of the 1,200 protestors arrested on the steps of the Capitol. Federal courts subsequently said that the arrests were unconstitutional.

A spokesman for Mr. Nixon said only that for The Times to have obtained the transcript apparently meant that somebody had broken the law. Mr. Haldeman had nothing to add. "I really don't care much what's on the tapes," he said. "They're 10 years old."

Michael Wright and Caroline Rand Herron

Key Arguments Jammed In the Debate Over Awacs

By CHARLES MOHR

WASHINGTON — In conversation and in Congressional testimony, Air Force officers have glowingly described the capabilities of the Boeing E3A Advanced Warning and Control System aircraft as a "force multiplier" in aerial warfare.

Used in conjunction with such high-performance fighter planes as the F-15, they say, an Awacs radar and computer can sort out hundreds of aerial targets, interpret threats, guide or "vector" F-15's toward hostile aircraft, select priorities and, then, after the F-15 has fired one air-to-air missile, direct it to a second and then a third target. If the friendly fighters are also armed with an advanced new model of infrared, or heat-seeking, missile called the AIM 9-L Sidewinder, they have said, the fighters can theoretically "fly down the stream," eliminating the time-consuming process of maneuvering to the rear of the enemy planes.

In the last few weeks, on the other hand, civilian and military officials deeply involved in the increasingly contested Administration proposal to sell Saudi Arabia five Awacs and other air combat equipment, including 1,177 Sidewinders, have been strongly stressing the "defensive" nature of the Awacs system, and its vulnerability to either electromagnetic jamming or to being shot down should Saudi Arabia ever fly it close to Israel.

Objections to the sale have nonetheless been so effective that last week it seemed doubtful that it could avoid a Congressional veto unless it is modified. Late in the week, three-way negotiations between Saudi officials, the Administration and key senators began in an effort to find a mutually acceptable formula for keeping some American crew members on Saudi Awacs for several years.

The varying descriptions of the Awacs military capability are not necessarily, or wholly, contradictory. Rather, they illustrate both the complexity of the technical debate over the sale of an plane still untested in combat and the temptation of both sides to construct unreal hypotheses and then to refute them. Here are some of the strongest arguments of each side, and the rebuttals:

- The "spying on Israel issue." Israeli military specialists say they agree with Administration statements that Awacs is not an intelligence-gathering aircraft as such. It cannot gather communications intelligence, nor can it "see" and interpret stationary or moving ground targets, such as artillery or tanks. It is an early warning plane — in part — and what it can see is "track data" of flying aircraft, in some cases of jets lifting off runways. It cannot effectively direct, for instance, Saudi fighter bombers to ground targets in Israel. But it was never designed or meant to do such a job.
- The Awacs real military role. It was designed to provide early warning of air attack and then to serve as a "battle management" plane. Because it has especially effective "look down" radar it can provide low-level radar coverage (most strike aircraft now employ low-level tactics to avoid early detection) to distances of up to 240 miles. The radar data correlator in the onboard computer is so sophisticated it can identify the model, such as MIG-25, of an unfriendly aircraft. It can do this even when standing back 150 miles from the "FEBA," or forward edge of the battle area. In short, it is meant to give an edge to friendly fighters so that other aircraft can subsequently attack armor, infantry and other targets.

Covering the Oil Fields

The ostensible military role of the Saudi Awacs, which would be delivered in the fall of 1985, is to help provide air defense of the country's vital oil fields. Put in simplest terms, Awacs should be able to permit Saudi fighters to scramble in time to engage Iranian, Iraqi or other incoming fighter bombers before they release bombs; the ground radars of the flat terrain of the Persian Gulf cannot give warning in time. Awacs can also be "netted," its radar coverage flashing to Hawk surface-to-air missiles.

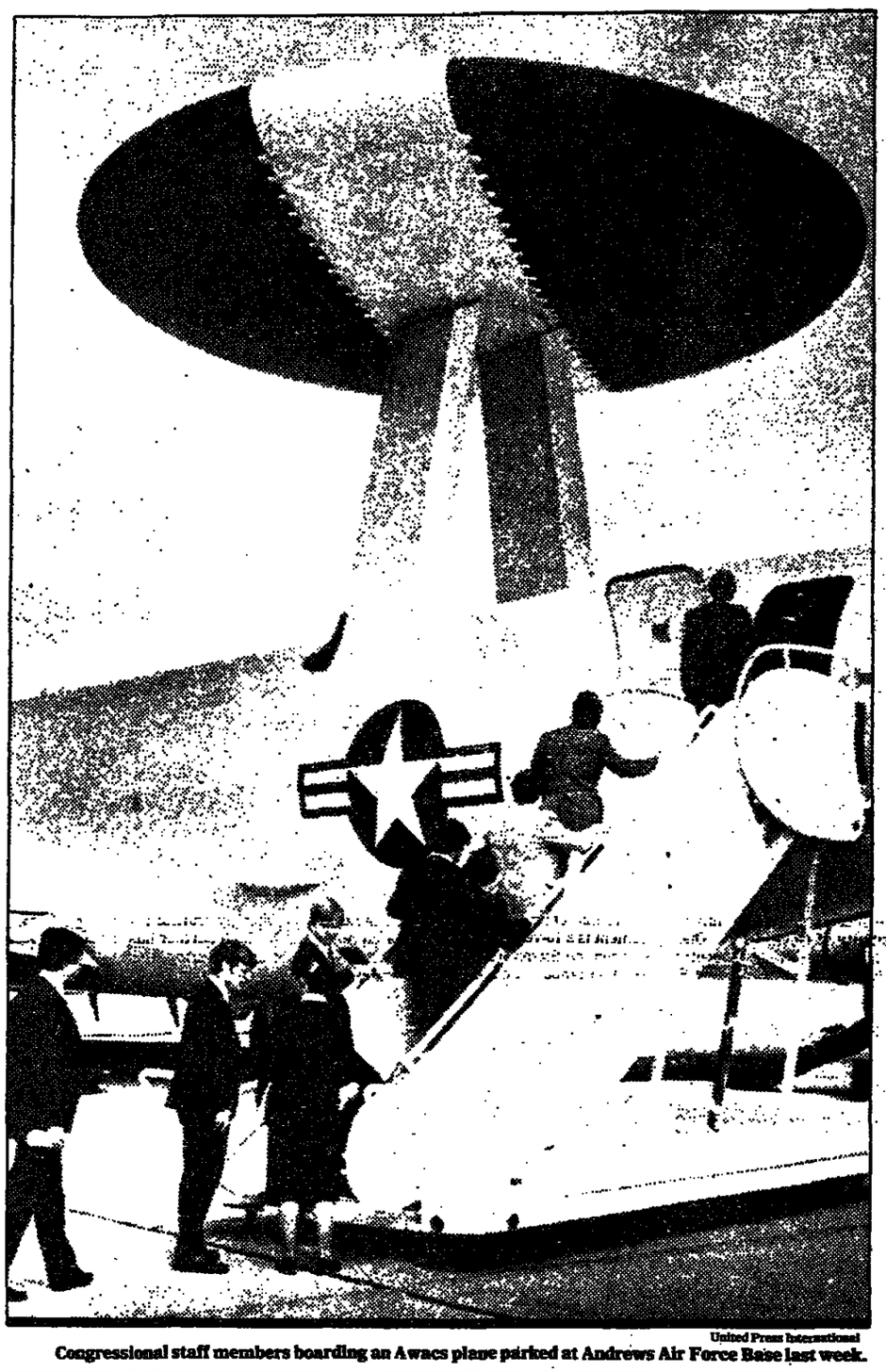
- The jamming issue. Military planners currently believe that one of the more critical questions they face involves the electronic countermeasure environment in which a war with Warsaw Pact forces might be fought. This has made the capability to prevent enemy jamming or other electronic deception one of the most sensitive military secrecy issues and is one reason that certain jam-resistant communications equipment under development for United States Awacs was not initially to be included on the Saudi Awacs, lest the planes fall into unfriendly hands.

Administration officials have argued that it would be relatively easy for Israel to jam the communications links between a Saudi Awacs and Saudi F-15 fighters and even easier to jam unicoded radio messages to other Arab forces. Other experts maintain it would not be at all easy. There is no simple answer, except to say that it depends on many factors, one of which is whether both the Awacs and the Saudi fighters are closing on the Israeli border or standing well off.

- The "orchestration" issue. The Administration tends to make much of the difficulties Saudi Awacs would have in flashing useful perishable tactical intelligence on Israeli air activity to other Arab air forces. An Air Force general has conceded that through "some strange lash up," improvised communications might be developed that would be of some, probably reduced, value.
- The Administration has argued with increasing zeal that if Saudi Arabia regularly flew Awacs orbits near Israel it would risk having them shot down. But Air Force maps have shown "safe haven lines" about 150 miles from Israeli borders behind which an Awacs probably would be very difficult to shoot down if it had friendly fighter protection and took evasive action.

The strength or weakness of some of these technical arguments and rebuttals depends greatly on how closely they accord with reality. In reality, the Saudi Awacs are not likely to fly close to Israel in peacetime to pick up largely useless peacetime air traffic data. In reality, they would clearly have difficulty orchestrating a pan-Arab air force.

But also in reality, the Saudi Awacs would be part of a coordinated, integrated Saudi Arabian air combat package that includes 60 F-15 interceptors. Israeli analysts argue that if Awacs is to have a significant effect in air-to-air war over Central Europe it must have a similar effect in the Middle East. It cannot guarantee victory in any theater, but critics of the sale argue that it can change "combat exchange ratios." They believe this can influence the outcome — and make a new war more deadly for Israeli air crews.



United Press International

Congressional staff members boarding an Awacs plane parked at Andrews Air Force Base last week.

As House Nears Action on Rights Bill, The Lobbyists Get Busier

By ROBERT PEAR

WASHINGTON — The songs and slogans of the civil rights movement are rarely heard here these days, but its spirit lives on among a small group of lobbyists fighting for renewal of the Voting Rights Act of 1965.

They roam the marble corridors of Congressional office buildings. They confer in a big old townhouse on Massachusetts Avenue N.W., the headquarters of the Leadership Conference on Civil Rights. And they persist in the belief that despite today's conservative climate they can somehow fashion a victory merely by laying out the facts in abundance. Key enforcement provisions of the existing law would expire next August without action by Congress.

The civil rights activists have a long way to go. They have had some success in the House of Representatives, where the Judiciary Committee, by a vote of 23 to 1, recommended passage of a strong voting rights measure.

The bill, widely regarded as the most important civil rights measure to come before this Congress, is expected to be taken up by the House within the next two weeks. The lobbyists are concerned because they believe that on the floor of the House, some members will offer amendments to make it easier for states with a history of discrimination to exempt themselves from special provisions of the law. Those provisions require that changes in local election laws be submitted to the Justice Department or the Federal District Court here for review, or "preclearance."

In addition, some House members want to amend the law by eliminating a section that requires bilingual elections to be held in places with large numbers of voters who do not understand English. Hispanic Americans see that section as an invaluable key to participation in the political process.

In the Senate, voting rights lobbyists face more of a struggle. A subcommittee of the Senate Judiciary Committee plans to hold hearings late this year or early next year. The subcommittee chairman, Orrin G. Hatch of Utah, and the committee chairman, Strom Thurmond of South Carolina, are conservative Republicans, and both are expected to resist features of the House bill. The Reagan Administration has not announced its position on the issue, but Attorney General William French Smith is supposed to make recommendations to President Reagan this Thursday.

The Leadership Conference, founded in 1950, consists of 157 national organizations representing blacks, Hispanic Americans, women, senior citizens, the handicapped, labor union members and various religious denominations. Washington representatives of the major organizations in the conference have divided up the responsibility for lobbying. For instance, Antonia Hernandez of the Mexican American Legal Defense and Educational Fund coordinates efforts directed at members from Arizona, California, Colorado, New Mexico and Texas. Jane O'Grady of the A.F.L.-C.I.O. keeps track of the positions of members from Michigan, Montana, New York, New Jersey, Pennsylvania and Ohio.

Deploying Along the Potomac

The conference, said Ralph G. Neas, executive director of the umbrella group, employs a "disciplined system of lobbying." The lobbyists meet weekly with Representative Don Edwards, a California Democrat who, as chairman of the House Judiciary Subcommittee on Civil and Constitutional Rights, helped devise the strategy for handling the legislation.

In anticipation of a tough two-year fight over renewal of the Voting Rights Act, several key lobbyists have moved here from the South, scene of many earlier civil rights battles. Armand Derfner, director of the voting law project of the Joint Center for Political Studies, arrived in February from Charleston, S.C. His soft-spoken tenacity contrasts with the more flamboyant manner of Frank R. Parker, a red-bearded attorney with the Lawyers' Committee for Civil Rights Under Law, who spent the last 12 years in Mississippi.

Mr. Derfner and Mr. Parker want to make the language of the new statute as explicit as possible. From his experience in the South, Mr. Parker said, he is "acutely aware of the difficulties encountered in trying to implement civil rights legislation before judges who might be hostile to the goals and purposes of the law."

The lobbyists say they are determined to avoid a repetition of the split that occurred in 1975 between some black and Hispanic organizations when the Voting Rights Act was last up for renewal. Hispanic citizens benefit from portions of the law that cover voters who do not understand English.

More Subtleness, Less Drama

Supporters of the law say that the climate in Congress is much different from what it was in 1965, when President Johnson proposed the original legislation just weeks after blacks began a voter registration drive in Selma, Ala. "The conscience of the country was aroused with films of police dogs and fire hoses, beatings and killings and all that went with the effort to vote," said Arnold Aronson, a co-founder of the Leadership Conference. "You don't have the same drama today."

Critics of the law have changed their tactics, too. "It's difficult now because the opposition is much more subtle and sophisticated," said Elaine R. Jones of the NAACP Legal Defense and Educational Fund. "The opposition doesn't say, 'We are opposed to the Voting Rights Act,' but rather, 'The act needs to be modified in some respects.'"

How effective are the voting rights lobbyists?

Representative Henry J. Hyde of Illinois, a leading Republican voice in the voting rights debate, said that Democrats on the Judiciary Committee were generally unwilling to accept any voting rights measure unless it had "the imprimatur of every facet of the civil rights community." Mr. Hyde said that on several occasions, he thought he had reached agreements with Mr. Edwards or Representative Peter W. Rodino Jr. of New Jersey, the committee chairman, but then "it all came unglued" after they consulted the civil rights advocates.

Mr. Derfner said that it was "pernicious and mischievous to suggest that we are a Svengali and that Edwards or Rodino are puppets." Mr. Rodino has been in Congress for 32 years, and Mr. Edwards for 18. "They are powerful, popular Congressmen who know what they are doing," Mr. Derfner said. "The idea that a bunch of private citizens can dangle them at the end of our string is just nonsense."

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The Economy

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M.I.T. Wants Closer Ties with Business

By PAUL E. GRAY

There are signs on all sides that industry's involvement in university research is growing. With this growth has come a spate of articles expressing interest, raising questions, voicing concern.

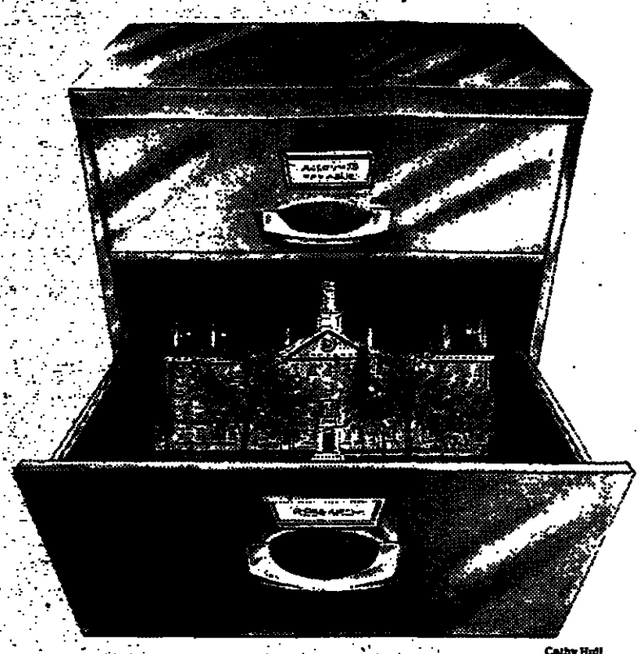
None has gone so far as to suggest that American corporations, by financing university research, have targeted the universities for takeovers. Still, some blunt questions are being asked about the university-industry relationship — questions that ask, in effect, whether access to university laboratories is for sale to the highest bidder, who might then control the research, and, ultimately, reap unmerited profits through preferential licensing of patents.

These are legitimate concerns. Some, however, would have us accept as fact the notion that business, if given the opportunity, would corrupt the groves of academe, whose unworldly inhabitants would be easy targets. Such a view is not supportable, and my own experience leads me to the contrary conviction that these relations can be healthy, mutually beneficial and can powerfully serve the national interest. They should be encouraged and expanded.

Universities are one of the primary sources of creative thought in society. But creative thought does not in itself insure the transfer of invention to the world in a useful way. Consequently, it is important that we continue to foster cooperative activities between universities and industry that will help assure the vitality of important research programs, the rapid and effective transfer of new technologies and the relevance of educational programs to important problems in society.

Research cooperation between industry and the universities has a rich history. Its current resurgence is really just the renewal of a relationship that was displaced during and after World War II when the Federal Government emerged as the principal sponsor of university research. Many of today's questions about the role of industry in university research are the same that were asked about Government sponsorship at the time — questions about the relevance of a proposed area of research to the essential mission of the university, about potential constraints upon the directions of the research, and on possible pressures for immediate or practical results.

Since World War II, academic research has flourished with Government support and has admirably served the advancement of knowledge, the education of successive generations of students and the broad public good. Certainly, university researchers have had to be accountable to Government sponsors, as they would be and are to industrial sponsors, and have conducted their research in accordance with agreed-upon proposals and objectives.



Cathy Hull

These conditions have not been barriers to free and open inquiry. The research partnership between the American university and the Federal Government is, in fact, one of our country's superlative success stories.

Now, given the possibility of Government research spending cuts, it would seem prudent for universities and the nation to seek alternative sources of support, and to achieve a better balance of support by reinvigorating a research relationship with industry.

Moreover, the growing concern that discoveries find practical application to enhance our productivity and our competitive edge would by itself argue compellingly for the point.

At the same time, there are some basic questions that have to be considered — questions such as how to assure that discoveries and inventions are used in ways most likely to benefit the public; how to determine methods of licensing potential patents, which both recognize the industrial sponsor's role and promote the progress of science and technology, and how to assure the protection of proprietary information provided by industry, while meeting the statutory and ethical requirements of the university, which demand that research serve a broad public good, that it be conducted in an atmosphere of openness and free exchange and that results be freely available for publication and dissemination.

Several current agreements between the Massachusetts Institute of Technology and the industrial sector illustrate ways in which this process can be accomplished, and by which the needs of both the university and industry can be met without conflict or significant compromise of principles.

One agreement is a 10-year research contract between the Exxon Research and Engineering Company and M.I.T. that provides support for research of mutual interest in the field of combustion. One major objective is to help generate the scientific and engineering base to develop the more efficient and safe burning of fossil fuels.

The arrangement serves the basic goals of the sponsoring organization, in this case Exxon, while assuring M.I.T. the financial stability and continuity needed for the effective conduct of long-range studies.

One of the touchier problems in these collaborations concerns the licensing of inventions made in the course of the research. Under the agreement with Exxon, M.I.T. has the right to file patents on all technology developed as a result of the research. M.I.T., however, will grant Exxon and its affiliates licenses for the use of all patented technology. These licenses provide no royalties to M.I.T., because they have been developed as a result of research sponsored and thus paid for up front by the corporation. These are nonexclusive licenses. That is, M.I.T. may issue licenses to third parties, with Exxon sharing in any royalties.

We much prefer nonexclusive licenses, like the one with Exxon, but we also recognize that limited-term exclusive licenses may sometimes be necessary as a commercial incentive to a company, particularly when there are large costs and risks associated with commercialization.

Because it usually costs much more to bring a new product to the marketplace than to invent it, someone has to be willing to invest the time, expertise and, often, considerable amounts of money required to do so. Patents and licenses provide the means by which industry is encouraged to make this investment, and limited-term exclusive licenses may be needed to give protection for the additional investment.

As for the questions of openness and confidentiality, we find ourselves continuously needing to balance the legitimate desire of research sponsors to protect patent rights, with the needs of the university to encourage the free dissemination of information through the publication of research results. Accordingly, while we cannot freeze information, we *are* willing to delay publication for a reasonable period of time to allow the preparation of patent applications and to insure that information proprietary to the sponsor is not inadvertently included in publication.

Likewise, although information developed at M.I.T. is not proprietary, the institute will accept proprietary information from the industrial sponsor if it is necessary for the research.

I believe we have demonstrated that industry and the university are finding ways to resolve the tough questions and build an increasingly fruitful research relationship. Each partner has great self-interest in nurturing this partnership, as does our nation in the effort to enlarge our capacity for innovation and productivity.

Paul E. Gray is president of the Massachusetts Institute of Technology in Cambridge, Mass.

Borden Cheese: It Could Make a Cow Cry

A smiling Elsie will still grace the cartainers of its dairy products, but she really ought to wince.

Borden Inc. has taken much of the milk out of its cheese. On Friday, the company discontinued packaging natural cheese for retail sale and began a $2 million advertising campaign for two new imitation cheeses, Country Meadow and CheeseTwin.

Imitation cheese isn't entirely fake. It uses vegetable or corn oil for butterfat, but frequently contains up to 50 percent natural cheese, according to the Agriculture Department. By contrast, processed cheese is about 90 percent real cheese.

"Borden no longer buys 45 million pounds of natural cheese to store, age, package and distribute," said a company spokesman. "But we still buy 65 million pounds of natural cheese in order to make the processed and imitation ones." This year's cutback of almost 50 percent of its usual purchase has left suppliers and dairy farmers reacting like bulls.

"For 32 years," said Mark Heise, owner of the Beechwood Cheese Factory, "we annually supplied Borden with two and a half million pounds of cheese, and they send us a three paragraph letter with a month's notice to find another buyer."

Borden says it never had much of a market share in natural cheese anyway. Kraft is No. 1, by a long shot, and, according to its marketing spokesman, will compete against Borden's substitute line with its own Golden Image, Imitation Cheddar and Colby, and Processed Cheese Food.

Carrying costs for aging 80 million pounds of cheese added to current interest rates outweighed Borden's 5 percent profit. In packaged process cheese, however, the company creams 15 percent off the top.

Already, the processed cheese market in the United States is larger than the natural cheese market, more lucrative, and because of fluctuations in dairy price-supports, ultimately more certain. In the diet and low-fat sector, Borden is the big cheese, holding over 50 percent of the market with Lite-line and SkimAmerican, and a recently added Lite-line Swiss. Sales in this category are $70 million annually with more than $20 million in profits.

In retaliation, the dairy lobby is fighting for restrictions on the importation of casein, necessary to imitation cheese. Calcium casein substitutes for milk proteins and acts as a binding agent in imitation cheese. Years ago, when casein was less costly, Borden used it in Elmer's Glue.

BUSINESS CONDITIONS

A Recession Holdout

While many of the usual harbingers of a recession are falling into place — negative economic growth, high interest rates and sagging stock prices — one key ingredient is missing.

Unlike the early part of past downturns, inflation as measured by the gross national product price deflator has been falling this year and stood at 6.4 percent at the end of the second quarter, compared with 10.5 percent a year ago. Some analysts say they believe that falling prices could prevent what they are now calling a moderate downturn from becoming a full-fledged recession.

"Generally, within the first two or three months of a downturn in the economy, inflation gets worse because of a shortfall in productivity," said Edward Hyman Jr., chief economist at Cyrus J. Lawrence, an investment house. "That increase in prices generally kills demand, and assures you of a bad recession."

That is not happening this year. "Productivity hasn't been anything to brag about, but it isn't falling as rapidly as it had in previous pre-recessionary periods," said Robert Gough, chief economist at Data Resources Inc., the economic forecasting company. "Part of the reason for that is management's more expedient use of labor this year."

Another major reason, Mr. Gough said, is that price rises have been sharply cut in such sectors as food and beverages, clothing and energy. "Because of low price inflation in those areas," he said, "demand in other sectors has not been entirely cut off."

Cars are a case in point. "If Detroit's costs had continued to skyrocket this year," Mr. Hyman said, "there is no way management would have gone along with a rebate program."

Housing: Pittsburgh Is Cheapest

While high mortgage rates continue to plague the housing industry, home sales in some American cities are bucking the trend.

In a Federal Home Loan Bank Board report on sales of new and existing homes in major metropolitan areas, Boston, Kansas City, Mo., Miami and Seattle far outpaced the rate of inflation during the second quarter. On average, homes in those areas brought prices at least 20 percent above year-earlier levels.

And San Francisco, Dallas, Indianapolis and Portland, Ore. showed double-digit increases.

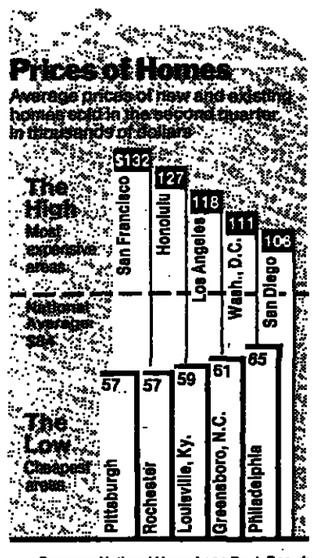
However, those were exceptions to the rule. Nationwide, home prices in the 32 metropolitan areas were only 6.4 percent above year-earlier levels, the first single-digit rise since 1979. In the quarter, home prices in major cities averaged $83,500.

"In spite of the distorting effect creative financing and buy downs have had in the market, there is no question that home prices are softening," said Charlotte Chamberlain, the board's chief economist.

In some places, conditions were more than soft. Average home prices in six cities — Pittsburgh, San Diego, St. Louis, Milwaukee, Greensboro, N.C., and Columbus, Ohio — posted declines from a year ago.

Houses in San Francisco, with an average selling price of $132,000, were the nation's most expensive. However, Miss Chamberlain said the 11 percent rise in Bay Area homes was almost entirely attributable to creative financing. Honolulu, Los Angeles, Washington, D.C., and San Diego complete the list of the five most expensive metropolitan housing markets. At an average price of $97,600, New York City houses ranked sixth.

Pittsburgh and Rochester houses were least expensive at an average price of $57,000.



Sources: National Home Loan Bank Board; National Association of Home Builders.

A Steady Jobless Rate

While recent upticks in initial unemployment claims could signal worse times ahead, high interest rates and economic sluggishness have not yet had much impact on the jobless rate, which has remained steady at around 7 percent throughout the year.

In their weekly letter, economists at Manufacturers Hanover Trust say that through August two million new workers have been added in the last year to an American workforce of 98.9 million.

Much new hiring continues to be in the mining and extractive industries. Through August, employment in mining was up 14 percent, or 150,000 jobs, from a year earlier.

"Demand for petroleum products may be weak, but new drillings for oil and gas continue at high levels, and that is helping employment," said Marc M. Goloven, an economist at Manufactuers Hanover. "And when you add in the derivative manufacturing and service companies that rely on activity in the extractive sector, that acts as an additional stimulus."

There is a worrisome aspect to the growth, however. Over the last year, one out of every four jobs nationwide has been generated in three states — Texas, California and Florida.

The unemployment rate in Texas, at 5.3 percent, is now almost 2 percentage points below the national average, and less than half Michigan's 11.1 percent rate in August. At 6.4 percent and 6.7 percent, respectively, unemployment in Florida and California is also significantly below the national average.

"If you take out those states from the employment numbers, the jobless rate nationwide in August rises from 7.2 percent to 7.4 percent," said Mr. Goloven. "If business conditions in those states start to show some slack, that could act as a real push to overall unemployment."

THE WEEK IN BUSINESS

Reagan Plan Fails to Lift Wall Street's Gloom

Market losses deepened despite President Reagan's plans for further budget cuts. Bond prices plunged and the Dow Jones industrial average closed at 824.01, losing 12.18 points on the week. Friday's 11.13-point drop was attributed in part to a prediction by Joseph Granville, the flamboyant forecaster with a wide following, of bad day for stocks tomorrow.

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Consumer prices rose eight-tenths of a percent in August, or at an annual, uncompounded rate of 9.6 percent. Moderation in housing costs helped bring the figure down from July's torrid annual rate of 14.4 percent.

•

The money supply rose by $1 billion in the latest reporting week, the Federal Reserve said.

•

The Fed cut a surcharge on loans for bank borrowers to 3 percentage points from 4; its discount rate remains unchanged at 14 percent.

•

The prime rate was lowered to 19½ percent from 20 percent at several major banks.

•

Passbook savings interest rates will be allowed to move a half-point higher under new Federal regulations. A retirement savings account without an interest-rate ceiling was approved.

•

Durable goods orders fell a sharp 2.5 percent in August, the Commerce Department reported.

•

New-car sales rose 11.2 percent in the second 10 days of September from the comparable period last year, the Big Three manufacturers said.

•

General Electric, citing sluggish appliance sales, announced layoffs of most of its 15,800 employees at its Louisville, Ky., operations for periods in November and December.

•

Xerox, expecting pressures on profits, plans an unspecified number of layoffs. National Semiconductor said it would lay off some 13,000 employees for three- or four-day periods in November.

•

LTV offered $450 million for a 70 percent interest in Grumman, which it said would be combined with its Vought aerospace subsidiary. Grumman said its board was studying the unsolicited offer, signaling possible opposition.

•

Delhi International finally found a potential buyer. After a year-long search, it announced that a unit of CSR Ltd. of Australia agreed to take it over for $591.2 million.

•

Petro-Lewis sought McRae Consolidated Oil and Gas for $484.6 million. Sun plans to sell a Texas refinery to Koch Industries for $265 million.

•

Cities Service, fighting acquisition attempts, said it would buy back $307 million worth of its shares from Nu-West of Canada.

•

General Mills reported a 46.2 percent earnings rise for its first fiscal quarter. AM International said it expected a loss of $175 million in its year that ends June 30.

•

Occidental withdrew its bid for Zapata. Separately, Zapata said it planned to sell its coal division at an undisclosed price.

•

Kodak agreed to pay Berkey Photo $6.8 million to settle a long-standing antitrust dispute. Berkey was originally awarded $112.8 million.

New Cuts, New Tax

President Reagan dropped the other budget shoe last week, asking an additional $13 billion in cuts for the fiscal year that starts Thursday and a package of tax measures that would produce an additional $3 billion in revenues. He revised his estimate of the budget deficit for fiscal 1982 from $42.5 billion to $43.1 billion.

Mr. Reagan, in a televised address, urged a firm and steady fiscal course and appealed for support "to save our economy." He still expected a balanced budget by 1984. The consensus of leaders of both parties in Congress seemed to be, however, that the President faced tough problems in winning approval for new cuts.

The New York Stock Exchange

MOST ACTIVE STOCKS
WEEK ENDED SEPT. 25, 1981
(Consolidated)

Company	Sales	Last	Net Chng
Exxon	3,849,000	30	- 1⅛
Sunbeam	3,643,700	28½	+ 7⅛
ATT	2,860,000	56⅝	+ 1
CitiSvc	2,665,400	42	+ 1
Texaco	2,659,500	32½	- ½
SCalEd	2,472,000	27⅝	+ ⅛
Mobil	2,401,400	25	- 1⅜
Stor Tec	2,364,400	32⅛	- ⅝
IBM	2,301,400	53⅝	- ⅝
GTE	2,056,700	30	...
Nwtind	2,055,100	47½	- 3½
Sony Cp	1,971,700	16	- 2⅛
duPont	1,868,300	37½	- 2
Grumman	1,823,400	33¼	+ 9¼
Coastal	1,731,800	33¾	- 6⅝

MARKET DIARY	Last Week	Prev. Week
Advances	376	461
Declines	1,551	1,463
Total Issues	2,107	2,116
New Highs	10	14
New Lows	690	422

VOLUME (4 P.M. New York Close)	Last Week	Year To Date
Total Sales	247,351,560	8,758,373,060
Same Per. 1980	273,353,110	8,219,025,423

WEEK'S MARKET AVERAGES

	High	Low	Last	Net Change
New York Stock Exchange				
Indust	77.09	75.27	73.90	-2.69
Transp	63.39	59.11	59.36	-3.33
Utils	38.32	37.45	37.54	-0.24
Finance	70.21	68.77	68.10	-1.29
Composite	67.50	64.77	64.96	-2.31
Standard & Poor's				
400 Indust	132.3	124.5	125.9	-4.26
20 Trans	20.1	18.6	18.8	-0.88
40 Utils	51.5	49.6	50.0	-0.51
40 Financial	14.0	13.5	13.6	-0.07
500 Stocks	118.1	112.7	112.7	-3.49
Dow Jones				
30 Indust	855.4	815.3	824.0	-12.18
20 Trans	354.1	331.8	335.4	-10.03
15 Utils	105.8	101.5	102.2	- 2.03
65 Combo	334.4	317.3	320.5	- 6.49

The American Stock Exchange

MOST ACTIVE STOCKS
WEEK ENDED SEPT. 25, 1981
(Consolidated)

Company	Sales	Last	Net Chng
DomeP	2,106,600	10	- 2
Rangr O	1,157,200	7⅛	- 1⅜
Delhi O	1,124,900	74¼	+16¼
Gif Cda	684,700	15½	- ⅝
Hud B	607,600	25⅝	- 2½
7 Seaict	559,500	22½	+ 8⅝
Tub Mx	517,500	2⅝	- ⅝
Dor Gas	503,800	17	- 1⅜
Hou O Tr	498,300	17⅜	- 1½
Resrt A	426,00	13⅜	- 2⅛

MARKET DIARY	Last Week	Prev. Week
Advances	126	198
Declines	678	609
Total Issues	924	920
New Highs	7	7
New Lows	311	177

VOLUME (4 P.M. New York Close)	Last Week	Year To Date
Total Sales	30,094,620	1,020,976,070
Same Per. 1980	40,283,000	1,149,262,245

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Three Perspectives on the Historic Clash: Solidarity's Rivalry With the State,

The World Continued

For How Long Can Poland Practice Its Brinkmanship?

By JOHN DARNTON

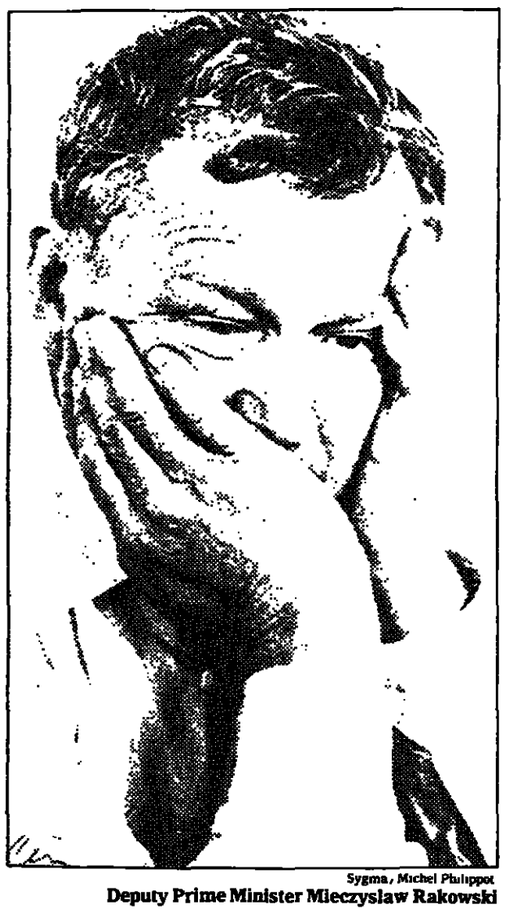
WARSAW

LAST week for the first time, the Polish authorities seriously considered declaring a state of emergency — a drastic step tantamount to imposing martial law that could well have led to street clashes between civilians and security forces and brought the year-old crisis to a bloody climax.

The step was debated during a meeting of the 15-member Politburo that, uncharacteristically, went on into the night. Members hurriedly called in advisers who drafted position papers, for and against, and there was a palpable sense of urgency at Communist Party headquarters, a sense of history hanging in the balance.

Provincial party leaders, who lost positions on the Central Committee at the party congress in July but have managed to hold on to power inside the central apparatus, favored the measure. There was no other way to reassert Government and party control, they argued. But the moderate forces, epitomized by the party leader, Stanislaw Kania, once again prevailed. Mr. Kania has staked his political life on the single fact that as long as he has been in power, no one has been shot at during a strike. Any shedding of blood would instantly destroy the mystique of patience and realism that is his main identifiable virtue and probably sweep him from office.

As in the past, the leadership turned to words, not actions. A Politburo statement lacerated Solidarity for turning into "political opposition" and endangering the country's independence. But it gave little indication of just how close Poland had come to a showdown. "It is to be imagined that a state of emergency — of war, really — is to be accompanied by arrests," said a party official, speaking privately. "The feeling was: We will try a line of conciliation one last time. A declaration [of emergency] could have come as a shock and called up resistance just for that reason. If someone is threatened at night in an alley, he is surprised and might fight back. It's better to approach him in broad daylight, with five other men, and give him a chance to see what he is up against."



Sygma, Michel Philippot

Deputy Prime Minister Mieczyslaw Rakowski

The Politburo statement was a direct result of the latest warning from Moscow, a letter from the Soviet Central Committee that told the Government in no uncertain terms that it must move against "anti-Sovietism." The letter was handed over by the Soviet Ambassador, Boris Aristov, who, according to party sources, delivered an oral message that went even further. One source paraphrased it as follows: "Either you get your house in order, or we'll do it for you."

The Politburo responded with its ultimatum, the opening salvo in a week-long campaign. Next the Council of Ministers, the Cabinet, warned it was ready to take "definite measures" to defend socialism. The Government's chief negotiator, Deputy Prime Minister Mieczyslaw Rakowski, asserted that the spirit of union-government cooperation was dead. A top Politburo member, Stefan Olszowski, cautioned that the Soviet Union might cut back on credit deliveries of vital raw materials. Then the Prime Minister, Gen. Wojciech Jaruzelski, told Parliament that he had asked the army and police to crack down on lawlessness and anti-Soviet agitation.

Party leaders also tried to water down two bills on factory management reform whose provisions reflected compromise proposals made by the Solidarity leadership last week. But Parliament balked and passed the legislation, under which elected workers' councils and the state will share the power to name directors in most enterprises and the state will have the power exclusively only in certain strategic sectors.

Clearly, the intent of the Government and party broadsides was to force docility upon Solidarity as it convened yesterday for the second half of its national congress since it was the first half — in particular, the union's "message" encouraging workers in Eastern Europe to set up their own free unions — that so infuriated Moscow. But it was hard to gauge what the effect of the Government pressure would be. Lech Walesa, the Solidarity leader, backed off somewhat from the militancy of the earlier gathering, conceding on Warsaw Radio that it had made some "small infringements" into the political realm. But other union leaders, especially regional chiefs, were getting riled up by what they saw as overkill. Some opposed the legislation on factory reform as a sellout and there was no guarantee that the full Solidarity congress would approve it.

The brinkmanship on both sides was especially troubling because the Government and the union have rarely seemed so far apart. For the first time in months, there were no channels of negotiations open and the two sides, uneasy partners in the best of times, were openly attacking each other.

As might be expected, each side blames the other for the impasse. The union feels that the party has made a conscious policy decision to confront the union as a means of rebuilding itself. The party feels that the union broke an unwritten understanding by turning demonstrators loose in the streets in August, soon after the party's own congress. On both sides there is a sense of anger, frustration and even betrayal.

"We expected that if we steered a reformist, liberal line at the congress, as we did, Solidarity would respond in kind," said Jerzy Wiatr, an important adviser to the Central Committee. "Instead they responded with a hate campaign."

"The party's attitude changed after the congress," said Bronislaw Gieremek, a key Solidarity adviser. "They are trying to unite the party around a policy of opposition to us."

Unbeknownst to either the union or the general public, the party took two informal surveys. One was within the army and, according to sources, it found more party support than it expected, although not in the eventuality of an all-out confrontation with Solidarity. Another was among its own rank and file members who also belong to Solidarity. Here it was found that the loyalty to the union was stronger than that to the party.

According to one well-placed source, this survey played a role in convincing the leadership that it could not yet declare a state of emergency. Such a move, if unacceptable to the rank and file, would be devastating to the party. Stanislaw Ciosek, the minister in charge of relations with labor unions, was asked by reporters last week whether the Government had indeed considered declaring an emergency. His answer sidestepped the question, but was nonetheless revealing: "Everything that happens in Poland today is a sort of state of emergency. I'm somewhat surprised we're still functioning."

Gamma-Liaison/Lochon

Sygma/Michel Philippot

A Warsaw policeman observing a Solidarity demonstration last month (right); food coupons used in Poland (above); shoppers waiting on line at a supermarket in Warsaw (opposite page).

Soviet Fears For Empire in Polish Crisis

By JOHN F. BURNS

MOSCOW

WILL they or won't they?

When Soviet tanks sat idling on Poland's borders in March and did not go in, and when Moscow brooded through the summer while its strictures to the Polish leadership went largely unfulfilled, Kremlin watchers here began to think that the Soviet rulers, for all their tough talk, were reconciled to some degree of political relaxation in their western neighbor. But developments of the past month — the first phase of the Solidarity congress and Moscow's harsh reaction to it — have created new apprehension. Not since digging out of the rubble of World War II and establishing their domain half across Europe, have Soviet leaders faced a situation so threatening to their power, and one fraught with such unpromising consequences whichever way they turn. As the second phase of the Solidarity congress began this weekend, the consensus among Western diplomats in Moscow was that the prospects for the Poles were as dark as they have been at any time since Solidarity's rise a year ago.

What Moscow has to protect in Poland is an empire. For more than three decades, it has maintained a totalitarian system that both affords security against the West and holds in harness millions of people divided by culture, historical rivalry and national interest — a quarter of a billion of them within the Soviet Union itself.

In Hungary in 1956 and in Czechoslovakia 12 years later, Soviet leaders judged that the crumbling of any part of that rigid structure would threaten the whole, and they stepped in with troops. Nothing in the years since suggests that their strategic outlook has changed, or that there is any greater disposition to tolerate pluralism. On the contrary, many Soviet experts believe that where bloc matters are concerned, the Brezhnev years have seen a stiffening reflex to keep things the way they are, an instinct that becomes stronger as developments elsewhere in the world become inimical to any form of imperial power. From this viewpoint, the problem posed by Poland resolves itself into how, not whether, to halt the reformist challenge, and all else, including a desire for better relations with the West, becomes subordinate.

Soviet leaders are not the only ones with high stakes in the outcome of the Polish struggle. It is not by chance that the propaganda organs of East Berlin and Prague and lately even of Budapest and Bucharest, have thundered as menacingly against the weakening of authority

France Shades Mideast Policy Just a Little

By RICHARD EDER

PARIS — France has an inveterately independent foreign policy and an inveterately interdependent economy. The second does not quite cancel out the first, but it shades it. François Mitterrand has managed, for the moment, to mark himself off from Valéry Giscard d'Estaing on East-West relations (he shows more West) and North-South questions (he shows more South). On the Middle East, despite a high bound or two, he has tended to walk with one foot in his predecessors' ruts and one out.

This weekend, Mr. Mitterrand is making his first presidential trip to the Middle East. As late as this summer, it had been thought that his destination would be Israel. In his years in opposition, and in his campaign, Mr. Mitterrand always expressed particular sympathy for Israel — he has been close to his fellow Socialist, Shimon Peres — and was critical of two decades of pro-Arab inclinations in French foreign policy.

But instead, Mr. Mitterrand went to Saudi Arabia yesterday. As a balance, and after some hard diplomatic spadework with the Israelis, who have been angered and disappointed by recent French actions, it was announced last week that the President would visit Israel early next year, after a preliminary visit by Foreign Minister Claude Cheysson. Even this much is a departure. Charles de Gaulle, as president, never visited Israel; neither did Georges Pompidou or Mr. Giscard d'Estaing. There is no doubt that Mr. Mitterrand has a sympathy for Israel that his predecessors — and some of his own party — lacked. He was the only national leader to attend the services for the victims of the Rue Copernic synagogue bombing in Paris last year.

Mr. Mitterrand's formula for a Middle East settlement is the French (and European) formula that insists both on Israel's security and on the Palestinians' rights to their own state. But it is clear that he intends to support the Israel half of this balance with more warmth. At a press conference last week, the President suggested his approach. Like his predecessors, he paid tribute to the two horns of the Middle East dilemma — Israel's security and Palestinian rights. But unlike his predecessors, he said, he had talked about Israel's security in Algiers and Cairo; and intended to talk about Palestinian rights in Jerusalem. "You are men of honor," he said he had told Arab leaders. "What would you think of a country like France if it were to exchange one friendship for another?"

Yet there are limits to the new warmth. For political and economic reasons, there have been irritable brushes with Israel since Mr. Mitterrand took over. The French were particularly angered by the bombing of Iraq's French-built nuclear reactor, in which a French technician died. Paris was also put out by the Israeli raid on Beirut. At the United Nations last week, Foreign Minister Cheysson quietly scolded both sides — Israel for violating United Nations resolutions, the Palestine Liberation Organization for relying on violence to secure its goals.

The Israelis were distressed when the French indicated they would help rebuild the bombed Iraqi reactor. They were outspokenly angry when Mr. Cheysson, on a visit to Beirut, met Yasir Arafat. Their anger may have had a *pro forma* tinge to it, though, particularly since the Cheysson-Arafat meeting was something of a comic ballet. The Palestinian leader wanted it to take place at his headquarters. Mr. Cheysson held out for neutral ground. Finally, they met at the house of the Lebanese President. Mr. Arafat one-upped by getting there first and welcoming the Frenchman, host-like, "to the house of my brother." Whereupon Mr. Cheysson remarked: "This illustrates vividly what the Arab nation is like," and the match, so to speak, was drawn.

After taking into account the new French Government's wish to be more considerate of Israel, and balancing it with Prime Minister Menachem Begin's talent for making this difficult, there remain more profound factors that limit any French initiative and cast doubt on the Mitterrand administration's predictions that it can play "a special role" between Israel and the Arabs.

There is oil. France is dependent on imports, most of them from Saudi Arabia, first, and Iraq, second. France's gestures toward Israel are not likely to have the Arabs brandishing the "oil weapon," but their power to do so, despite the present glut, does set limits in Paris.

More immediate than the oil threat is the dollar threat. If the President's first trip to the Middle East is to Riyadh, it is not so much because of Saudi oil as Saudi bank deposits. With the franc shaky, Arab dollar deposits in France are an important element in financial stability. There were rumors that the Saudis, in particular, threatened to move some of these deposits if Mr. Mitterrand appointed Communists to his Cabinet and went ahead with his nationalization plans. In fact, the French President did both and nothing much happened. But to support the new social changes, Government spending to create jobs and nationalizations, France needs more underpinning. Two weeks ago, a high official of the Bank of France went to Riyadh to discuss a possible loan or bank deposit — it is not clear which — of $2 billion to $3 billion.

Saying Yes to the Saudis

There will be more discussions during Mr. Mitterrand's visit. The Saudis will be pressing particularly hard for French arms sales. France is already a big supplier of all kinds of military equipment, particularly naval vessels. It also provides military technicians and police advisers, including a member of the S.D.E.C.E., the French equivalent of the Central Intelligence Agency. Saudi Arabia, awaiting the outcome of the United States debate over selling it Awacs electronic surveillance planes, is interested in expanding purchases, and Mr. Mitterrand is unlikely to refuse.

The President's Minister for Foreign Trade is Michel Jobert, formerly a Foreign Minister under Mr. Pompidou, and strongly pro-Arab. Mr. Jobert was quoted by Le Canard Enchaîné, the satirical weekly, as telling his associates that it was a mistake to discuss economic matters with Saudi Arabia without "a serious discussion of political matters." The implication was that France could not afford to move far from its traditional position. As a Gaullist, Mr. Jobert is hardly representative of the Socialist Government, but his reported views are part of the Middle East balance that Mr. Mitterrand is obliged to seek.

Sygma/Allan/Philippot

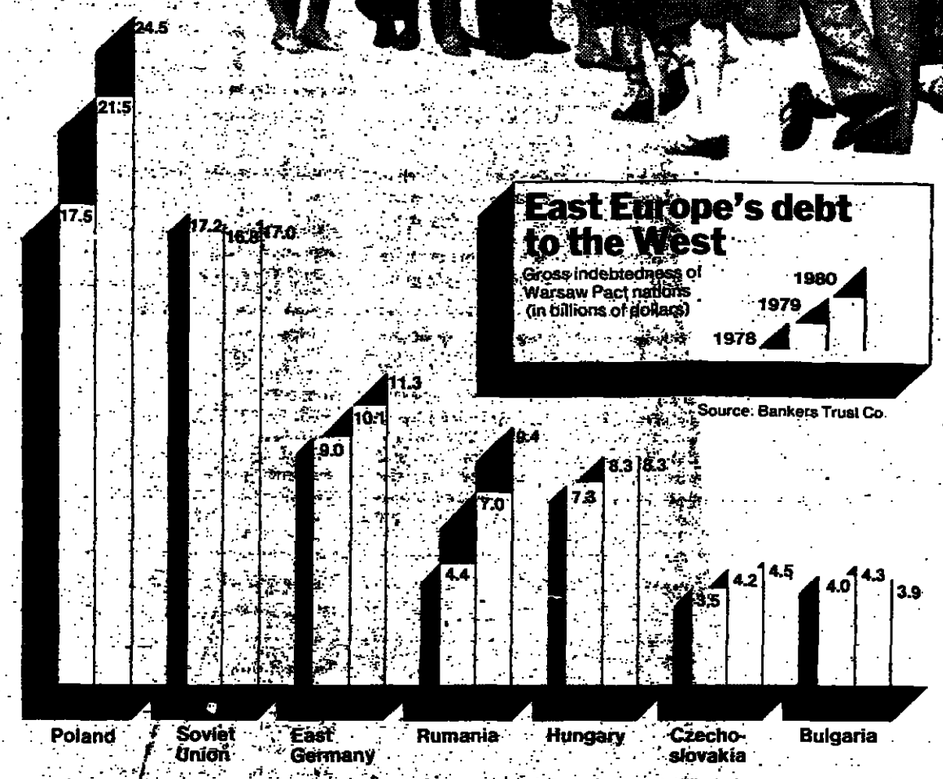
President François Mitterrand with Saudi King Khalid (right) at Orly Airport in June.

هكذا من الأصل

the Kremlin's Anxieties Over Its Allies, and Eastern Europe's Need for Western Aid

هكذا من الأصل

Sygma / Alain Dejean



Eyeing Warsaw, West Gets Cautious on East Bloc Loans

By STEVEN RATTNER

LONDON

THE world banking community, still reeling from *the stresses of stretching out Poland's debt* repayments, registered disturbing new tremors on the creditors' Richter scale last week when Rumania announced it would seek to postpone repayment of more than a quarter of its $10 billion debts to the West. For bankers, Rumania's "temporary payments incapacity" reinforced growing concern about loans to Eastern Europe that now total an estimated $80 billion, not counting loans to the Soviet Union. Slow growth, energy shortages, and social and political uncertainties in the region have produced a burst of belated caution on the part of Western lenders.

"Inevitably, the situation in Poland and Rumania is going to affect our attitudes towards those countries," said a London banker specializing in lending to the area. Like his colleagues at other banks, he requested anonymity to protect his business contacts. "The key words are *prudent and cautious," he said.*

The cooling of formerly ardent business relations between financiers and members of Comecon, the economic counterpart of the Warsaw Pact, also reflects diminishing interest in obtaining loans in Communist capitals. Mindful of the Polsh example and less eager to pursue expansionary develoment plans, these countries have shied away from bank borrowing windows.

"Look at all the [current] five-year plans; they're consolidation plans," another banker said, adding that "another factor in the lack of loan requests is they don't like to have their pride hurt by our saying no."

At many banks, Eastern Europe has replaced developing countries as the Number One lending risk. But at the same time, few bankers believe that chances of outright default are high. Most expect that the Soviet Union would provide help to avert financial embarrassment to its allies. Furthermore, aside from Poland and despite their economic difficulties, the Communist nations are believed to have sufficient financial resources and underlying strength to remain solvent.

East Europe Economies Growing

Seven Eastern European countries have substantial borrowings — Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, Rumania and Yugoslavia, which participates in some Comecon bodies — but their economic circumstances and performance differ widely. The differences are particularly wide between Poland and the other six, leading bankers and economists to doubt that Polish difficulties will be matched elsewhere. Poland has an estimated $24.5 billion in debt outstanding, largely as a result of its importing fervor in the 1970's. The Polish economy declined 2 percent in 1979 and a further 4 percent last year. The next largest debtor, Yugoslavia, has $18 billion in borrowings outstanding; other Eastern European countries have borrowed far less. All of them registered substantial economic growth last year, ranging from more than 5 percent in Bulgaria to 1 percent in Hungary, and all are expected to grow again in 1981.

Even Rumania's problems have stemmed not from lack of growth, which is estimated at about 4 percent this year, but from other difficulties. They range from declining domestic energy producion to the cost of rebuilding after the heavy earthquake damage in 1977.

The Institute for Comparative Economic Studies in Vienna said last week that "under certain conditions, *especially as a result of unsolved oil supply problems,* Rumania's position could worsen seriously in the next few years. Because of the alarming imbalance in the domestic economy," the report added, "the situation could become catastrophic if Rumania were to be forced by its Western creditors to slow down its economic growth."

Rumania's balance of payments deficit this year is estimated at $1.8 billion, down from the record $2.4 billion last year. Western bankers are somewhat reassured by Rumania's membership in the International Monetary Fund, which provides emergency borrowings in return for acceptance of financial discipline. They hope that Poland also can be persuaded to rejoin the I.M.F.

"Poland and Rumania stand completely apart from the rest," a third London banker said. "They both followed the Iranian pattern of moving too quickly forward; their rulers sincerely believed they were showing the *correct way to people who lacked education.*"

Hungarian Success Story

Comecon members can also point to outright successes, such as Hungary. It has adopted a measure of competition and market economics, while maintaining collective ownership of economic resources and central planning. Although overall economic growth has been modest, Hungary's inflation rate has declined from 9 percent to about 5 percent and it is a world leader in agricultural efficiency. "Their economic problems are significantly less significant than Britain's, the London banker added.

Elsewhere, performance is mixed. Even Yugolavia, once the darling of the West, has been forced to sharply reduce its growth rate in order to bring inflation under control. Belgrade has also been borrowing heavily from the International Monetary Fund and private banks. But since President Tito died last year, political uncertainty has added to bankers' wariness.

Czechoslovakia, which turned toward the Soviet Union and away from Western banks since its 1968 turmoil, faces structural difficulties as its technological edge is whittled away. Bulgaria has also been turning its trade toward the Soviet Union and its growth has slowed as it has shifted resources from investment to consumption. East Germany, the region's most highly industrialized country, with the highest living standard, has been *troubled by labor shortages and the burden of large military* expenditures. East German indebtedness could surpass Rumania's, the Vienna economic institute warned, unless ambitious growth plans are trimmed.

Difficulties such as these, and the financing needed for particular development projects, may lead the Eastern Europeans to seek further loans in the West. But by past standards, the amounts are expected to be small. "Eastern European countries are becoming increasingly wary of borrowing, if only to avoid identification with what has been happening in Poland," one banker said. Stelian Marin, a Rumanian Finance Ministry official, made the same point in a comment in Bucharest last week. "We are Rumania; no one else," Mr. Marin said.

in Warsaw as has Pravda. Scinteia, the newspaper of the Rumanian party, last week published a four-point program to restore order in Poland, including a call to the Polish party to establish "a climate of intense work."

Poland's failure to meet its export obligations of coal and other raw materials have burdened its bloc allies, many of which — Rumania in particular — have serious economic problems of their own. The economic collapse in Poland has diminished its allure as a model for other East Europeans. But its embrace of freedom of speech and labor organization, if sustained, could have a seductive effect on Rumanian miners as well as Czechoslovak intellectuals. Anxiety that what is happening in Poland today could happen in Czechoslovakia tomorrow is *clearly a factor in Prague's harsh new crackdown on the* remnants of the Charter 77 dissident movement.

Dimming Memories of World War II

Poland has long been distinguished from the other bloc members by its Roman Catholicism, its long history of enmity with Orthodox Russia and the strength of its private agriculture. Of late, those differences have been accentuated by the fact of a Polish Pope in Rome and by acute economic mismanagement. In rigidly controlled East Germany, in a Czechoslovakia still haunted by the *suppression of the Prague spring, in Hungary, where the* introduction of market mechanisms has produced a prosperity that has taken some of the edge off resentment of Moscow, it is difficult to imagine the Polish sequence being repeated — at least now in quite the same way.

But the wheel of history turns for Moscow too, and few subject people stay quiescent for long after the first fissures appear. Nor is it likely that the instinct for national self-assertion will remain beholden much longer to memories of Soviet troops driving Nazi armies from Eastern Europe. As the Kremlin's fury about Poland has increased, Soviet propaganda has fulminated about the "vast sacrifices" the Russians made "to liberate Poland from fascist bondage." But a clear majority of people in the Warsaw Pact states is too young to have any memory of Hitler, much less of the decadent autocracies that were swept away by the paroxysms of World War II. To them, there is no lesser evil, only the Soviet Union.

Talking to Soviet officials and reading their press, a Westerner in Moscow is not that much better placed than the average American to predict when or how the Soviet leaders will make their move. Kremlinology is too arcane a science, and the interim options are many, among them delaying intervention in the hope that Solidarity collapses amid the chaos of the Polish economy or maneuvering to replace the current Warsaw leadership. But among all the things that are read by anyone attempting to gauge the Kremlin's intentions, the following seems as good a clue as any.

Published in 1978 under the title "Night Frost in Prague," it is an account by Zdenek Mlynar, one of the closest associates of Alexander Dubcek, the reform leader, of the events that led to the Soviet invasion in 1968. Mr. Mlynar, who after five years as a student in Moscow was a convinced Marxist-Leninist and fluent speaker of Russian, recalled that he felt after a trip to the Soviet capital in the spring of 1967 that Czechoslovak reformers could rely on the Kremlin's reluctant acquiescence in the Prague spring that was to come. Mr. Mlynar, now living abroad, wrote: "*I returned to Prague convinced that the* situation was not unpromising, and that we could expect positive developments toward democratization in the Soviet Union as well. Meanwhile, it was clear that we had to continue our work with no immediate hope of support from the Soviet theoretical and ideological institutes, and that, on the contrary, we had to expect a certain degree of ill will from the official, leading circles of such places. Those who sympathized with our efforts were more numerous, but for the time being they had neither the power nor the position to make themselves felt. Nonetheless, I thought that by 1970 this situation might change in our favor. As it turned out, this was one of the worst appraisals of any situation I have ever made."

Duarte's Strategy May Work Better in U.S. Than in Salvador

By ALAN RIDING

MEXICO CITY — El Salvador's President, José Napleón Duarte, swept through Washington last week, meeting privately with President Reagan and his advisers and grabbing every opportunity to argue the wisdom of United States support for his beleaguered regime. It was, even his critics conceded, a fine political performance. In five days, Mr. Duarte also visited the State Department, Congress, the Organization of American States, the A.F.L.-C.I.O., and appeared on television and radio talk shows. Far from the economic disarray and political violence of El Salvador, this soft-spoken, sorrowful-faced man's message seemed eminently reasonable: The junta is struggling against extremists of left and right to achieve peace and democracy through free elections in March.

Yet, regardless of whether it sounds convincing abroad, the strategy is viewed with considerable skepticism at home. In the midst of civil war that has shattered the economy, with martial law, nightly curfew and with more people killed by rightist death squads than in combat, few Salvadorans seem to believe that elections alone can make much difference. In Washington, senators were also skeptical. The Senate last week voted to maintain conditions in the foreign aid bill that require the Administration to certify semiannually El Salvador's progress on human rights and political reform.

The Reagan Administration had increased military and economic aid earlier this year, with the hope that the leftist guerrillas would be decimated and the economy on the road to recovery by the March elections for a constituent assembly. But six months later, the Farabundo Marti National Liberation Front is still active. Blaming Cuba and Nicaragua for keeping the front in arms, Washington sent military advisers and new weapons and has insisted that popular support for the rebels has evaporated.

Yet the guerrillas have consolidated their hold over important areas of the northern provinces of Morazan and Chalatenango, and in a campaign of "economic sabotage," they have attacked bridges, railroads, electrical generators and pylons and water supplies. Although apparently not aspiring to seize power in the short run, they hope to prove that unless a political settlement takes them into account, El Salvador will remain ungovernable. The results can be seen in the economy. In two years, economic activity shrunk by 20 percent, inflation rose 45 percent and unemployment increased sharply.

Gamma-Liaison / Penelope Breese

President Reagan with El Salvador's President, José Napoleón Duarte, at the White House last week.

In an area of public life that the authorities theoretically do control — the level of institutional violence against noncombatants — there has also been little progress. United States officials assert that the weekly killing rate has dropped slightly. Nevertheless, Salvadoran human rights groups have counted 10,000 deaths this year, less than one-tenth of them in fighting between soldiers and guerrillas. Suspected guerrilla sympathizers are rounded up after curfew; their mutilated bodies are found later by roadsides. Recently, dozens of decapitated bodies have been discovered. Rights groups say semiofficial death squads are beheading victims in a former meat packing plant. The junta blames "uncontrollable" right-wing bands, although, under the Carter Administration, United States officials said security forces were responsible for 90 percent of the atrocities.

President Duarte's confident performance in Washington contrasted with his domestic standing. The left views him as a puppet of the army high command, while conservatives see his Christian Democrat Party as dangerously reformist. Mr. Duarte's popular appeal, which prompted the army to block his presidential victory in 1972, has been eroded by his failure to stop the violence.

The alternative favored by the left and vetoed by Washington and the army is for negotiations between the junta and the guerrillas, leading to a cease-fire and conditions for safe elections. This was the apparent goal of Mexico and France, which jointly recognized the Marxist-led opposition as a "representative political force" on Aug. 28. However, Venezuela and nine conservative Latin American governments later complained that Mexico and France were interfering in El Salvador's internal affairs.

Boosted by this unexpected support, Mr. Duarte decided to visit the United States, renewing his appeal to the guerrillas to lay down their arms and his invitation to opposition parties to discuss the electoral process. Predictably, the opposition rejected the overture. "To debate the elections under current conditions would be an insult to the Salvadoran people," said Guillermo Manuel Ungo, president of the Democratic Revolutionary Front, the coalition of Marxist and democratic opposition groups, "because repression has not only not stopped but has increased in ferocity and intensity. We therefore reject this form of pacification through death, which is all we are offered."

With the Government and guerrillas unable either to defeat each other militarily or to agree on conditions for political negotiations, everything points to prolonged civil war. How can the impasse be broken? Some guerrilla leaders say they expect direct United States military intervention. They argue, however, that Washington would have to send at least 30,000 troops and risk getting bogged down in conflict that could spread through Central America.

Alternatively, Washington could accept Mexico's thesis that only a broad political solution can bring peace. When they met this month in Grand Rapids, Mich., Mexico's President Jóse López Portillo urged President Reagan to endorse such an approach. United States officials said the two men amiably agreed to disagree.

For the moment, despite widespread skepticism in El Salvador, elections for a constitutional assembly seem destined to go ahead. The guerrillas will do their utmost to sabotage them, while the junta will try to convince foreigners of their validity. Until voting takes place, however, the Reagan Administration can put off what could later become an unavoidable choice — between military escalation and political negotiations.

BROADWAY 80

i'm glad I changed...

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Tinkering

The problem President Reagan went rushing onto television Thursday to patch up is not Wall Street's gloom or Democratic gloating. The problem is his program, in particular its centerpiece, the three-year cut in income tax rates.

Since Congress passed that misguided proposal in a wave of undeserved bipartisanship, people have asked the simple question: If the President really wanted to balance the budget and bring inflation under control, then why on earth did he commit the nation to so large a tax cut for so long?

Surely Mr. Reagan, a man of common sense, has asked himself the same question. But he also asked two groups of advisers to whom the tax plan made a great deal of sense: the supply-side economists, who dreamed it up, and the ideologues of the right who are happy for any excuse to cut spending. For them, it was a no-lose situation. If the tax cut brought only wider deficits and not the miraculous economic recovery that the supply-siders predicted, the ideologues would still be happy. They could then cut spending even more.

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Despite warnings from almost everyone in the economics profession, the President took the supply-siders' advice. How their economic miracle was supposed to work defied ready explanation. But the key to it, he was assured, was psychology — a change in expectations that would ignite a burst of economic activity.

They were half right. There was a change in expectations once the tax bill passed, but not the one the White House expected. The stock market sank because investors feared larger deficits, worse inflation and higher interest rates. The long-term bond market went into a serious slide. So the President rushed to the bully pulpit to see if cutting a few billion more could finally ignite those expectations. He might have known better.

The ideologues, of course, are still riding high. The tax cut's failure only adds to their success. The deficit is looking worse. Yet Mr. Reagan refuses to postpone or stretch out the tax cut. Nor will he take a real whack at defense outlays. He plans to cut spending by another $13 billion for 1982 — and another $70 or $80 billion in the next two years to achieve the promised balanced budget by 1984.

About $3 billion of the new cuts will come from programs for the poor that have already been slashed to the bone. It could have been worse. Mr. Reagan now plans to raise $3 billion in new taxes from people who can afford them. But the overwhelming effect of his program is still to benefit the rich and to burden the poor.

Nor has the President yet said how he will achieve the huge cuts projected for 1983 and 1984. How much of that $70 to $80 billion will — can — come out of programs that *successfully* feed and shelter the poor? When will ideology stop and compassion begin?

Even some Republicans in Congress are becoming uneasy about the Reagan program and its insatiable cutting of social spending. What is already obvious to many governors and mayors is dawning on Congress and the public. The President may speak boldly of volunteerism, community pride and neighborliness in the place of Federal programs. What that really means is new burdens, and new taxes, at the state and local level.

The President's fiscal problem did not end Thursday night. Nor will it end, we suspect, until he stops his cruel tinkering with spending and acknowledges at last that his tax cut is too big.

Cuban Liberty, American License

What a splendid idea it must have seemed to someone on President Reagan's staff: establish a new broadcast service, patterned on Radio Free Europe, to carry information into Cuba. The White House has now duly proposed just such a station, "to tell the truth to the Cuban people," and reporters were told it would be called "Radio Martí," after José Martí, the father of Cuban independence and a hero in Latin America.

Put aside the objections of the professionals at the Voice of America, who feel their existing broadcasts already tell the truth. Forget unhappy memories of a C.I.A. clandestine station on Swan Island, which heralded the Bay of Pigs invasion. Consider only the ignorance displayed by the proposed name.

As every Cuban knows, the martyred Martí profoundly distrusted the United States.

A journalist who lived here for 14 years, Martí campaigned tirelessly against Spanish imperialism — but also against American expansionism. "It is my duty," he wrote in 1895, "to prevent, through the independence of Cuba, the U.S.A. from spreading over the West Indies and falling with added weight upon other lands of Our America . . . I know the Monster, because I have lived in its lair — and my only weapon is the slingshot of David." It was his last testament, written just before his death.

There is comparable understanding in another recent jab at Fidel Castro: the seizing of 100,000 Cuban periodicals by the Customs Service.

The stated purpose of this embargo, under trading-with-the-enemy regulations, is to deny Cuba an income. But most of the publications are sent free, by way of Canada, so there is little economic benefit to Cuba.

Nonetheless, subscribers have gotten a Treasury circular that says:

"The Office of Foreign Assets Control has structured the regulations so as to avoid any element of censorship in the administration of what are essentially economic controls . . . In order for you to import the Cuban publications currently under detention by U.S. Customs Service, it will be necessary for you to obtain a specific import license from this office . . . The applicant should submit complete information concerning the nature of the publication, the cost, and the purpose of the importation."

If that is not censorship, then Fidel Castro is Thomas Jefferson. The American Civil Liberties Union is rightly challenging this repugnant order. To stoop to such petty stuff is an embarrassment. The idea of promoting information for Cuba would be more convincing if the Administration also welcomed it here.

Man's Greatest Library

Archeology has many uses. With it trade routes are traced, a people emerge, possession is justified. "Mine," one can say, turning ruins into politics, "because these stones prove my kinsmen preceded yours." Such assertions have had fancy names over the centuries, but they all refer to squatter's rights.

Archeology provides treasures for museums, too, and for shoeboxes. The adult faced with Tutankhamen's burial mask and the child with an arrowhead he found himself are seeing across the space between the finite self and the seemingly infinite past. Having survived time's forces, both objects are magical.

Some places are magical too — Ephesus, for instance, and Troy, and Jerusalem, where a small part of what may have been the City of David is now being excavated, despite the claim of religious militants that the dig desecrates a medieval cemetery.

The controversy is monumental, but far more so are the names and dates. Excavations have reached Bronze Age fortifications, the period of Abraham. An ancient amphora handle is stamped with the Greek words "Against War." A pottery shard bears an inscription in a South Arabian alphabet. At the end of the Iron Age, the dig's chief archeologist said, "somebody was sitting here in Jerusalem writing in South Arabian."

Man, then, who has succeeded so often in destroying himself, has not yet succeeded in destroying his greatest library, earth. But the image haunts the century: the City of David buried forever, Ephesus crumbling for the last time.

Topics

Forms of Escape

Child's Play

The birth rate remains low, very low. Though there are more women in their child-bearing years, the number of babies is staying about the same. Real babies, that is. The number of Little People is zooming.

The Little People: they sound like something out of an Irish folk tale. In fact they are dolls, elaborate rag dolls that look like children. The price tags range from $125 to $1,000, but one does not so much buy as "adopt" them. For their money, The Wall Street Journal reports, prospective "parents" get the doll, a birth certificate and, a year later, a birthday card from Babyland General Hospital in Cleveland, Ga., where the dolls are made. Since 1978, there has been a population explosion of these dolls. About 100,000 have been sold; sales this year are double those in 1980.

Why? Why do people sit their dolls at the table and talk to them at dinner? Or strap them into the front seat of their cars? Or pay to leave them with a baby sitter? There may be all manner of psychological reasons but there's probably no need to go beyond the demographic explanation.

When there are fewer real children, relatively speaking, there are more surrogate children; more adults adopt Little People. They may look as though they are imitating children, but something more is going on. What, after all, are children doing when they comb and cuddle dolls? Imitating parents. There is a need to nurture in all of us and while the birth rate may slacken, that need does not.

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Prison Tales

A friend of ours familiar with prisons, called up after the arrest of Jack Abbott, the convict-author Norman Mailer helped promote, who is now a prime suspect in the stabbing of an East Village waiter.

"The curious thing, " he said, "is that I read Abbott's book and I thought it was mediocre. What moved all those critics to write so extravagantly about him? One called the book 'awesome.' Abbott struck me as just an intelligent, if self-conscious, convict on the make, which is exactly what later stories about him made him out to be.

"At first I thought it was radical chic. But on reflection, I think it shows something more serious than that. In the prisons I've been to, inmates routinely tell stories that are just as vivid as his. By now they seem familiar to me, yet to hear them for the first time is moving, disturbing. And I think that is why Abbott got such powerful reviews: the firsthand facts of prison life are powerful stuff — but only if we choose to face them."

Letters

The People Can't Afford 'Reaganomics'

To the Editor:

James Reston wonders whether the "solidarity" in Solidarity Day is "for the unions or for the union of the nation" as if these were two very different things, but his column [Sept. 20] should really have been headed "My President, Right or Wrong." A number of points must be made in response.

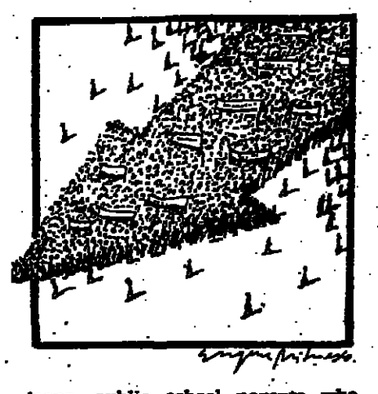
The hundreds of thousands of working men and women who trekked hours and days to their nation's capital for Solidarity Day are very representative of the people of this nation. Those who voted for Ronald Reagan constitute about 27 percent of America's eligible voters — and many were voting against an incumbent they perceived to be incapable of addressing the nation's problems, from inflation to hostages in Iran.

Moreover, their experience under other recent Republican Presidents — Eisenhower, Nixon, Ford — did not result in the dismantling of decades of social legislation. They had no reason to believe their vote would be interpreted as a mandate to slash food stamps, welfare payments and unemployment insurance; to reduce school lunches, educational programs, college opportunity; to undo occupational health and safety legislation.

That is what the Solidarity Day turnout told the President and Congress — and they would be extremely foolish not to listen.

Mr. Reston worries that the Reagan program will be "rejected even before it has time to work." We hope so.

Not even Wall Street believes it will work, and in the meantime millions of people are going to fall through the huge holes in the President's "safety net." People dependent on food stamps, middle-class families trying to provide college educations for their children without benefit of student



loans, public school parents who worry not only about what their children will eat for lunch but about what they will have an opportunity to learn in the classroom, workers on a dangerous assembly line — none of these people can afford to give Reaganomics "a chance."

Mr. Reston also wonders, if the President's programs are rejected, "how Mr. Reagan can govern effectively for the next three years." I submit that whether or not Mr. Reagan governs effectively is far less important than the directions upon which the country is set, not for the next three years but perhaps for the next 25 or 50. An ineffective President would be far better than one whose policies tear the country apart.

And therein lies the answer to Mr. Reston's question of whether "solidarity" is for the unions or the union of the nation. The answer is both.

ALBERT SHANKER
President
American Federation of Teachers
Washington, Sept. 25, 1981

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An American Upheaval

To the Editor:

Two hundred fifty thousand workers journey to the capital of their country to protest the policies of the government. They march and demonstrate in an orderly and self-disciplined way, seemingly without fear of reprisal or repression. Surprisingly, they do not stone or defile the presidential edifice.

Reacting to their incursion, the leader of the government does not set up a siege command post. He does not mobilize troops to the capital to cordon off, arrest or beat back the demonstrators. He quietly departs the capital for the weekend, leaving behind a message supporting the economic goals of the workers, apparently secure in the knowledge that the capital will not be sacked, the government not overthrown.

The capital city's government, meanwhile, rents its underground transportation system to the workers for their use in getting about on their protest day.

What a strange yet idyllic country this must be. It is time it was discovered.

FRANCIS X. BYRN
New York, Sept. 21, 1981

Toward a Nation of Controllers

To the Editor:

Whatever the ultimate outcome of the air traffic controllers' strike, it will remain as a historic milestone: the first major rebellion of professional personnel against the conditions imposed by the technological shift from producing to supervising.

In place of the industrial worker adding his increment of labor to articles passing before him, we now have increasingly the highly skilled individual who observes a process on a computer-based screen and directs it by remote control. (That the instructions are transmitted to a pilot who implements them is almost inconsequential; much of the pilot's work is already automated.)

This development is a harbinger of the future that awaits all automated industry. While lives may not always be at stake, the safety of whole factories and their contents — material and human — will rest on the accurate observation and prompt, appropriate response of operators of whom intense concentration will be required. Only the most advanced technology will ameliorate the tension under which they will be working.

In this light, it is informative to read an article in the November 1980 issue of Spectrum, published by the Institute of Electrical and Electronic Engineers. It reports that the air traffic monitoring system "is now 10 years old and based on architecture from the 1950's."

When this equipment fails, as it was doing almost once a day in 1980 (and there is suspicion that the official figures have been falsified downward), the controller must rely only on radar. Without any computer-generated flight information to identify the blips on his screen, he must radio the planes for data, write it on plastic strips and move the strips around by hand as the flights cross his screen. This process takes five to eight minutes.

If passengers knew they were being tracked by this primitive method, they might share the anxieties of those on the ground responsible for their safety.

Whether President Reagan succeeds in stamping out the controllers' effort to publicize their need for safer conditions (for three million airline passengers as well as themselves) or the conflict is resolved by civil discussion, the problem it symptomizes can only get worse. The rapid automation of all our industries will soon elevate a major portion of our work force into "controllers," and we cannot then rely on a policy of firing and replacing them every 21 months.

JOSEPH RABEN
Great Neck, L.I., Sept. 15, 1981

'Workers, Do Not Even Think of Uniting'

To the Editor:

The Communist Manifesto said: "Workers of the world, unite; you have nothing to lose but your chains." And now the leading Communist country in the world seems to be saying, first to workers in Poland and secondly to its own workers and workers in other contiguous Communist countries: "Workers, do not even think of uniting, not to mention acting on what you think, or you can be certain that chains, and worse, are sure to come."

How naked can a travesty be? How stupid must a system be that imagines the travesty might not be evident to workers *anywhere* in the world who are permitted to hear what it says and observe what it does? And, finally, how great must a system's fear and insecurity be for it to be so blind to its stupidity?

Socialism, at least as the Soviet Union and the governments of the countries in the Soviet bloc represent it, is dead already, and by its own hand. All that remains is for perception of it to become complete for all but a few fanatics whom no perception can be expected to convince.

JOSEPH LALUMIA
Hempstead, L.I., Sept. 19, 1981

Unpersuasive Case Against 'Fedora'

To the Editor:

William Safire's Sept. 17 column, "The Other Shoe," on the supposed double or triple secret agent "Fedora," is seriously in error — as is the information from the Reader's Digest, Edward Jay Epstein and James Angleton, on which the column is apparently ultimately based — at least on one crucial point.

The heart of the matter is the alleged relationship between Epstein's "Fedora" and Yuri Nosenko, a self-confessed K.G.B. agent who told the F.B.I. and the C.I.A. in 1963-64 that he had been Lee Harvey Oswald's case agent for the K.G.B. and that there had been no relationship between the K.G.B. and Oswald, the assassin of President Kennedy.

To put it mildly, there were — and are — well-founded and substantial doubts about the truth of Nosenko's basic story.

As chief counsel for the Select Committee on Assassinations in 1977-79, I directed a comprehensive investigation of Nosenko and his story about Oswald and concluded, along with a unanimous committee, that Nosenko had lied to the F.B.I. and C.I.A. in 1963-64 — and to us in 1978. The details are set out in "The Plot to Kill the President" (Times Books 1981).

Included in that investigation, which had access to the key classified documents as well as F.B.I. and C.I.A. personnel and foreign defectors, was a review of Epstein's allegations about the relationship between a "Fedora" and Nosenko.

According to Epstein, if Nosenko had lied, then the bona fides of his "Fedora" had to be questioned and rejected, too. Unfortunately, it just is not all that simple.

Although the details of the process of reasoning are classified, we concluded that ". . . contrary to Epstein's assertion[s] . . . the bona fides of Nosenko [are] . . . not inextricably intertwined with those of any other defector . . ."

G. ROBERT BLAKEY
Professor of Law
Notre Dame Law School
Notre Dame, Ind., Sept. 17, 1981

The Times welcomes letters from readers. Letters for publication must include the writer's name, address and telephone number. Because of the large volume of mail received, we regret that we are unable to acknowledge or to return unpublished letters.

Japan's, and Academe's, Computer Limits

To the Editor:

The letter from Prof. Melvin Klerer discussing U.S. computer developments [Sept. 20] presents only one view of a multifaceted situation. As one might expect, the academic view is not always well-founded in realities.

First, however, to pure errors of fact. The professor cited as a historical maverick "Digital Computer Corporation." Perhaps he was intending to cite "Digital Equipment Corporation" rather than a small New Jersey company that for a while built look-alike machines.

Second, and perhaps more important, he exhibits a vast confusion between developing computer hardware and developing systems that make computers more generally useful.

Finally, the Japanese are amazingly skilled circuit builders, but if they have any innovative, "reliable, easy-to-use" computer systems that have made startling breakthroughs, those systems have remained hidden in Japan.

As good as Fujitsu, Hitachi, Nippon Electric, Sharp *et al.*, may be, their successes to date have not demonstrated any special capabilities except in the manufacture of cheap calculators. Indeed, large-scale machines from Fujitsu and Hitachi look remarkably like their I.B.M. models.

What really disturbs me is the casual academic assumption that a university should design and build computer systems. This process is brutally expensive. Historically, it has led to one-off machines that have no successors. While they are sometimes innovative, they usually lack commercial feasibility because of the academic attitudes toward software.

The university people still don't understand the investment most corporations have in programs. Mere innovation, a better way, isn't sufficient justification for junking literally billions of dollars' worth of programs.

True enough, in the past M.I.T. has had a significant impact on the architecture of computer systems. I'm not sure that I would agree with citing the University of Illinois; my preference would be for the University of Michigan or Carnegie-Mellon. But what contribution university research can make in these times is another matter.

What assurances would a potential buyer have that university architecture and design would be better in some ways than that which comes from commercial vendors? I again point out to Professor Klerer that software is the key and that hardware is today fundamentally of decreasing importance in commercial selection decisions. You may innovate all you care to, but if a company can't run its programs you do not have a product.

I for one would be much happier to see my research tax dollar spent in working within the standard software framework rather than supporting investigations that lead to what a colleague has called "elegant rubbish."

As to Japan, most of its innovation to date has been in terms of pricing policies and a protected home market allowing marginally priced exports.

PHILIP H. DORN
New York, Sept. 21, 1981

The writer is president of Dorn Computer Consultants, Inc.

Hostage Service

To the Editor:

Instead of paying the hostages $5,550 for their ordeal, why not give each of them 5½ place settings from the new White House china service?

MARTHA FABERMAN
New York, Sept. 22, 1981

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U.S. Cooperation With the Third World

By Michael Radnor and Atul Wad

CHICAGO — The United States sells more goods to developing countries than to Western Europe and Japan combined. Third-world markets are growing faster than those in any other countries, and recently the Administration called for a new approach to third-world development, cutting back direct aid — grants and soft loans — while increasing trade and private investment. But if America is to maintain and expand exports to developing counties, we need to be more sensitive to their economic problems and to our relations with them. We should begin by recognizing the movement, encouraged by the United Nations, known as "technical and economic cooperation among developing countries."

Whether this cooperative movement works to our advantage or not will depend on our response. Its purpose is to encourage direct technical and economic cooperation among third-world countries, reducing dependence on the West. It also reflects the growing industrial strength of some of the more advanced developing countries, including Mexico, Brazil, India, and South Korea, which see other developing countries as markets for their own products. Fifty of Fortune magazine's top 500 companies overseas are multinational corporations owned by third-world governments or businessmen. Predictably, these countries are among the most vocal supporters of technical and economic cooperation.

This cooperation, known in the United Nations as "bridges across the South," will undoubtedly change traditional patterns of trade, as support for the so-called new international economic order spreads among third-world leaders. Developing countries enjoy a competitive edge over American firms in industries where labor is a major cost component or where the United States does not manufacture the appropriate technology. In such cases, technical and economic cooperation among developing countries threatens to erode our exports and our well-established commercial relationships with the third world. In other instances, however, a better understanding of cooperation among third-world countries could help American exporters to develop new markets in the third world.

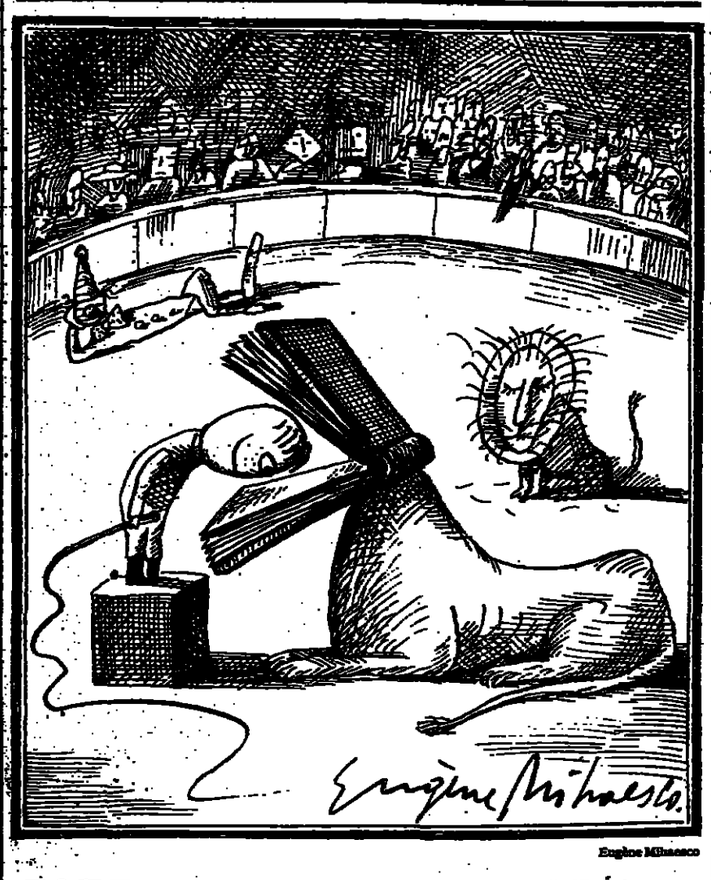
For the United States, then, such cooperation is a double-edged sword. While it is in the interests of all parties concerned that the third world develop its own industries and markets, active United States support of cooperation among developing countries could be tantamount to helping future competitors. Fruitful cooperation requires an increased awareness within Government, business, and the public of changes in the third world. We can no longer view these countries primarily as unsophisticated markets for our outdated products and technologies and as sources of raw materials and low-cost manufacturing bases. The United States should give special attention to using its know-how in innovative and sensitive ways to design products especially for the third world.

For example, we are the world leader in making devices that uses microprocessors. Although such devices are viewed with suspicion in the third world as potentially labor-displacing devices, small and medium-sized United States manufacturers could cooperate with firms and research institutes in developing countries to help find ways to use microprocessors in agriculture, energy, and other sectors. Current experiments with small devices for measuring milk-fat content and for monitoring energy consumption point to further possibilities. Such joint ventures would not only expand markets for United States firms but also strengthen industries in developing countries and thus shift the relationship from one of dependence to interdependence.

The United States needs to take active and positive steps to enhance its trade status in the developing world. In this, we can learn from the experiences of Japan and such European countries as West Germany and the Netherlands. The Dutch corporation Philips' Gloeilampenfabrieke for example, has built a plant in Eindhaven to develop and test technologies appropriate for developing countries. Japanese companies have pioneered innovative joint ventures in which third-world businessmen are majority stockholders. For example, the Japanese have invested heavily in national infrastructures and steel-finishing facilities in developing countries that are likely to import Japanese steel. Thus, the Japanese boosted their exports — to more than $6 billion this year — and also contributed to indigenous manufacturing in the developing world.

Technical and economic cooperation among third-world countries is a growing phenomenon, not a fad. To fight or ignore it would be futile; careful and intelligent support could enhance our trade position. This is the challenge facing the United States; only enlightenment and sensitivity will prevent us from being swept under the "bridges across the South."

Michael Radnor and Atul Wad are on the faculty of the J.L. Kellogg Graduate School of Management and the Center for the Interdisciplinary Study of Science and Technology, both at Northwestern University.



Eugene Mihaesco

If You Ban A Book

By Joseph H. Cooper

Are you distressed by the kinds of books and periodicals in your public schools and libraries? Ever tempted to do something about it? Consider this.

The Chelsea, Mass., School Committee was taken to court for removing from its high school library an anthology with a poem that the chairman characterized as "low down, dirty rotten filth, garbage, fit only for the sewer." He did not submit the poem to the women members because of the "crude" and "offensive" language, and the committee apparently read nothing else in the anthology before banning it. In 1978, the United States District Court for Massachusetts found that members had been motivated by personal feelings about the poem's theme and its language, and thus had applied constitutionally impermissible criteria. The board was told to restore the full anthology to the shelves.

In Nashua, N.H., the Board of Education ordered the removal of all issues of Ms. magazine from the high school library primarily because a member found some advertisements (for sexual aids and devices, for printed matter dealing with certain kinds of sexual conduct or liaisons) offensive. The female board members were "sheltered" from the material by their male counterparts, who also found some of the magazine's contents politically objectionable — advertisements for what one member described as a "pro-Communist newspaper" and promotions for "records made by known Communist folk singers." In 1979, the District Court for New Hampshire enjoined the board from continuing the withdrawal of Ms. and ordered the board to replace the removed issues and to again subscribe to the magazine.

In the fall of 1980 and again last spring, the Court of Appeals here ruled that the Board of Education of the Island Trees Union Free School District on Long Island would have to explain and justify its condemning as "educationally unsuitable" books by Alice Childress, Eldridge Cleaver, Langston Hughes, Oliver LaFarge, Bernard Malamud, Desmond Morris, Piri Thomas, Kurt Vonnegut, and Richard Wright. Board members had begun their "investigations" in the fall of 1975, and in the spring of 1976 they began removing books found to be "irrelevant, vulgar, immoral, and in bad taste." The board has been in court since January 1977 trying to defend its actions. Even if the Supreme Court agrees to hear the board's appeal, the challenges and accusations that it has had to answer should give pause to those who would consider removing a book or periodical from a school library. The tribulations and trials could prove to be embarrassing, tiresome, and costly.

During litigation, board members' knowledge, judgment, temperament, and motivations are questioned and appraised. Members have to testify about what exactly gives offense and why they believe that the text as a whole is bannable. Actions *and* procedures are challenged. Members have to tell how the text came to their attention and have to describe their deliberations. Inconsistent or otherwise embarrassing past decisions, procedures, and pronouncements are cited to haunt and discredit.

There are lessons here for would-be book-banners:

1. Read the work you propose to ban — not a synopsis of it nor excerpts from it, but the whole work, and *professional* reviews concerning it.

2. Discuss the work with librarians and teachers after giving them, or obtaining for them, bona fide assurances that they will not suffer reprisals or reproaches if their views differ from yours.

3. Consult your state's laws to determine whether your local board has the authority to remove books and periodicals from school libraries.

4. Consider the possibility that this same authority might be used to ban books whose themes you favor, or periodicals with editorial positions you endorse.

5. Prepare yourself for the possibility that by singling out a book or periodical for disapproval, you may well increase demand for it at bookshops, newsstands, and public libraries.

And ask yourselves these questions:

1. What would you do if a teacher discussed the banished book or periodical in class? If reviews and excerpts were published in the student newspaper?

2. Are you being motivated by personal preferences, beliefs, abhorrences? Have your political and religious dispositions influenced your assessment of the material? How about your particular notions of morality, decency, and taste?

3. Can you cite legitimate and substantial government interests that would be served by the proposed ban? Would you be willing to undertake, or pay for, an evaluation of every book and periodical in your school system's libraries in order to subject them to the same criteria?

4. Would you feel comfortable having to elaborate on why you find the material objectionable? Having to explain your motives? What are you prepared to do, go through, and spend to explain and defend your actions?

5. Do you like publicity? Notoriety?

6. Do you like lawyers? Courtrooms?

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ESSAY

Art Follows Life

By William Safire

In the old days, Opening Night of New York's Metropolitan Opera was a grand occasion when dowagers could show off their jewels, singers could sing out their hearts and opera lovers could thrill to the return to the stage of America's claim to world-class culture.

The old days ended last week. In the opening-night performance, the diva took a dive — and when the soprano's voice in the demanding role of "Norma" hit a few sour notes, the once-elite audience shocked the cultural world with a response of boos, catcalls and loud groans we used to associate with the bleachers of Brooklyn's old Ebbets Field.

What accounts for this lord-of-the-flies savagery? Is no place sacred? What does this breakdown of discipline augur (I'll spell that word right this time) for the Republic?

As a service to puzzled sociologists and musicologists, let us review the historic performance of opera company and audience in a manner understandable to people familiar with politics.

New York's Metropolitan Opera is headed by Anthony Bliss, a lawyer-businessman not very familiar with music but determined to confront the unions and balance the budget. Often amiable, he has a lot of rich friends, but can be ideologically tough-minded; think of him in the Reagan role.

The man who runs the show is James Levine, the musical director. He decides on the repertoire, casts the singers and often conducts the orchestra — too often, say his critics, who think he hires inferior conductors because they will not challenge his musical supremacy. (If Bliss is ignorant, 'tis folly to be nice.) Cast him as a combination of Messrs. Meese, Baker and Deaver.

Now we come to what is always the most controversial and colorful role in the opera company or the Cabinet — the *prima donna assoluta*, the superstar who draws the crowds and the lightning. With the incomparable Joan Sutherland (like Henry Kissinger) out of the Met action this season, the foremost dramatic soprano is Renata Scotto.

Miss Scotto is hailed by some as the successor to Maria Callas (as, in a nonmusical sense, Jaqueline Kennedy Onassis was) but is damned by others as "Renata Screecho." Miss Scotto has a fiercely local claque who will follow her to hell, but she also has a group of growling standees who profoundly distrust her talent. One claque wildly applands the least laudable of her performances while the anti-claque claque comes ready to hiss and boo at her slightest off-key note. She is the Al Haig of the Metropolitan Opera.

She learned in Europe the significance of "turf," and arranged with Mr. Levine to be assigned the galas and the broadcast performances. Inside sources say that in return for her readiness to substitute at the last minute for less hardy sopranos, she has been promised the next three opening nights (a four-year term).

Miss Scotto's poor performance in "Norma" — an opera that Miss Callas relished and that Miss Sutherland and Marilyn Horne have made almost their own — which brought the gladiator audience out in full cry, is comparable to Secretary Haig's memorable performance on the day the President was shot. Just as he settled down after those opening-night jitters to become a member of the troupe, curbing his tendency to upstage his colleagues, Miss Scotto may recoup as well.

Now in her 50's, she must constantly look over her shoulder at the younger dramatic sopranos like Mirella Freni

Is no place sacred? . . . If Bliss is ignorant, 'tis folly to be nice

(Undersecretary William Clark) and dark-horse possibilities like Katia Ricciarelli (Senator Richard Lugar), and probably does not realize that her most capable potential replacement is one who shows no interest in singing around here at all (Margaret Price or Donald Rumsfeld).

Metropolitical observers can assume, then, that as long as audiences come to hoot at sour notes, Messrs. Bliss and Levine will stand firmly behind Miss Scotto: in time, after the prima donna arouses less passion among fans and foes, she can be replaced in a more seemly fashion.

The point, in stagecraft and in statecraft, is never to appear to let the audience run the show. Mr. Bliss and Mr. Levine know that they must set a standard of discipline within their house, rejecting the demands of the noisy claques; at the same time, they know that the majority of the audience *must ultimately be satisfied, or they* will be out on their musical ears.

WASHINGTON

The Psychology of Debt

By James Reston

WASHINGTON, Sept. 26 — If you're looking for the cause of our economic miseries, one place to look is in the mirror. The Reagan Administration is being blamed in the Congress for cutting the budget too much and on Wall Street for not cutting it enough, but very little is being said about the acceptance of debt by the people themselves.

Americans are borrowing more and saving less today than they have in many years — far more than the people of Japan or any other industrial country. Examples:

- In last July alone, they withdrew $5.6 billion more than they deposited. U.S. savings banks have reported deposit losses in 25 of the last 28 months. The net outflow for savings and loan associations for the first seven months of this year was $16.7 billion.
- Consumer credit, which includes installment and non-installment debt (but not mortgage obligations), amounted to $210 billion in February of 1975; in December of 1980 it was $386 billion.
- Residential mortgage debt has more than doubled in the last 10 years, from $358 billion in 1970 to $1.1 *trillion* in 1980. The average American family now spends almost a quarter of its disposable income to pay off mortgages and other debts.
- The Reagan Administration recently asked the Congress to increase the Federal debt ceiling to over $1 trillion to pay its bills, but even so, the Federal debt, which startles so many Americans, has actually risen only three times in the last 30 years, while consumer installment debt has gone up about 14 times, corporate debt 13 times and mortgage debt 16 times.

So when you read in the paper that the Dow Jones industrial average fell to a 16-month low this past week after President Reagan's economic address to the nation; that Wall Street seems to be paying more attention to Joe Granville's pessimism than Ronald Reagan's optimism about inflation and interest rates, you have to consider that Washington is not the only spendthrift corner of the Republic.

The psychology of debt — neither a saver nor a payer be . . . fly now, pay later . . . debt is not a danger but a tax deduction — may have been popularized here by Franklin D. Roosevelt in the 1930's, but it seems to have been accepted as a way of life by American business and the American people, who are now competing with the Government for borrowed money, driving up interest rates in the process.

This steep rise in personal debt does not concern all economists. Credit was the fuel that drove the American economy to the highest level of production and employment, and it also helped create a decent private life for more people in their own houses than all of Ben Franklin's or Henry Ford's maxims.

But credit is no longer merely a necessity in America; like booze and sex, it is now an addiction. The credit card, like The Pill, has become a trap — an easy way to get what you want now; think about the consequences later.

There are currently close to 600 million credit cards in circulation in the United States — an average of seven cards for each of our 82 million adults — and like The Pill, the cards take away or at least postpone the pain of borrowing and cheating.

But the bills are now coming due — in public life, commercial life and private life. President Reagan's budget simply won't add up. He has found that he cannot cut the welfare budget by $50 billion, transfer the $50 billion across the Potomac to the Pentagon; cut taxes, cut school lunch programs and old-folks' retirement benefits — and still balance the budget without bringing people back into the streets in protest.

Meanwhile, court records on family life show the divorce rate at an all-time high — they also demonstrate that the number of personal bankruptcies rose 75 percent last year — from 209,500 in 1979 to 367,000 in 1980. So we are having quite a debate here in Washington not only about how to balance the Federal budget, but how to balance the mind of the nation and change the inflationary psychology — that debt doesn't matter, that it is really invited by the tax laws that encourage borrowing and reward interest payments.

Much can be said in opposition to the President's budget and the failure of the Democratic opposition to come forward with a reasonable alternative, but the trouble lies, not only in the political arena, but maybe also in ourselves. While the President is saying cut and balance, the private sector is advertising every hour on the hour that we should buy and buy, borrow and borrow, and that's what we have been doing.

And the odd thing about it is that while we are still very rich as a nation, we do not seem to be having a very good time. For the idea of living beyond our means is not congenial to the American character. It is easy in the short run, but in government, business and private life, there is clearly great anxiety about the future.

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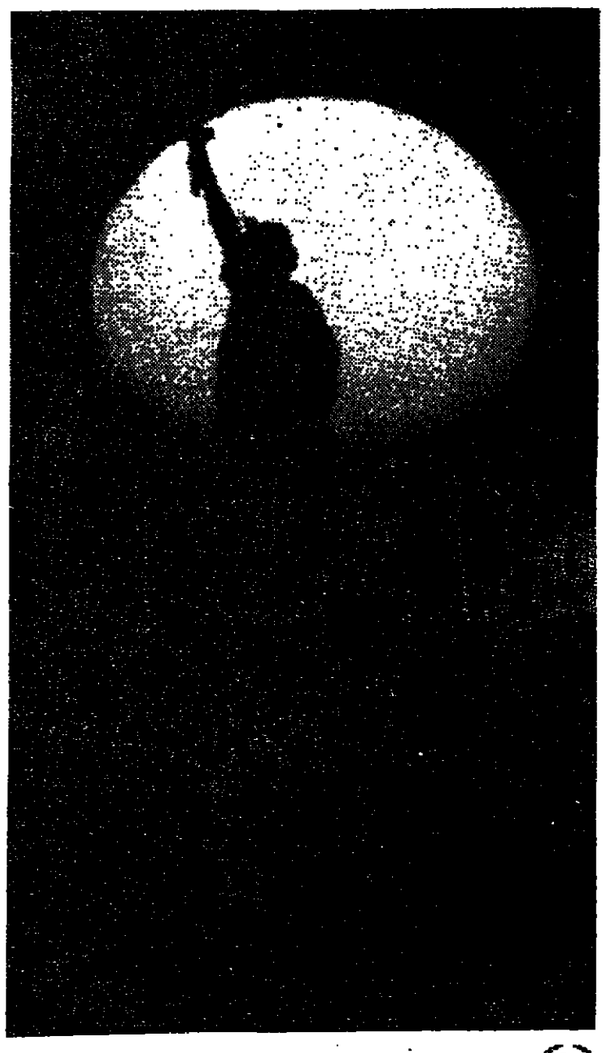

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Arts & Leisure

Art Auctions: 'Half Theater, Half Casino'

By RITA REIF

Art auctions today command the largest following and the highest prices in history. From New York to Hong Kong the gaveling goes at an ever faster rate for virtually everything people collect. And, increasingly, collectors, dealers and institutions are taking the auction route to buy and sell precious wares. Why? The excitement generated in auction rooms in this country has proved contagious. It started more than a decade ago with, among other things, the sale of the first diamond that went for more than $1 million — the diamond that was eventually Elizabeth Taylor's.

"That sale was a watershed," recalled John L. Marion, chairman of Sotheby Parke Bernet, whose main galleries are at Madison Avenue at 76th Street. "There is something about magic numbers." He added that the diamond sale confirmed that the auction process would work in selling the rare and spectacular, be it a diamond or a Degas.

But there were harrowing moments during that sale when Mr. Marion was worried about whether or not he was receiving the correct signals from a bidder named Robert Kenmore of the Kenton Corporation, then the owner of Cartier in New York. Mr. Kenmore was bidding aginst an agent for Richard Burton and Miss Taylor, at that time husband and wife. Eventually, Mr. Kenmore won, and then turned around and sold the 69.42-carat diamond to the Burtons.

During the auction, the agent bidding for the Burtons had positioned himself at the rear of the room and Mr. Kenmore was standing by the side door. "Mr. Kenmore told me that as long as his arms were folded, he was bidding," said Mr. Marion.

"When the bidding reached $900,000, everyone in the room started hyperventilating, but he was stone-faced. The excitement and tension were unbelievable. All of a sudden the audience started standing up and that posed a problem — you couldn't see the bidders." Once they were seated again, Mr. Marion could see Mr. Kenmore had not moved and the auctioneer began to wonder whether he was frozen in that position. "It was only when I knocked it down at $1,050,000 and said 'Cartier' that Kenmore smiled and uncrossed his arms."

The excitement generated by the sale of that spectacular stone — until then the most expensive piece of jewelry ever auctioned — has been repeated in dozens of other auctions since that day. It is an excitement that cannot be duplicated in an art dealer's gallery.

"An auction is half theater, half casino, where large sums of money change hands," said David Bathurst, president of Christie's in New York, Sotheby's major rival in the auction field. In analyzing other million-dollar purchases and the excitement they generate, Mr. Bathurst went on to comment that sometimes people simply can't stop bidding at the limit they had decided on before the sale. "They've got auction fever — a very contagious disease," he said.

Just how many people suffer from this ailment may be seen in the weeks and months ahead as the 1981-82 art-auction season develops. And judging by the announcements of upcoming sales by Sotheby's and Christie's, the season is off to an impressive start. Indeed, once again the roster of sales includes numerous plums in million-dollar paintings, jewelry with royal pedigrees, the contents of two American museums and one British castle, and the art and antiques possessions of more than a score of major collectors. There are the Surrealist paintings collected by art dealer Julien Levy, the Howard and Jean Lipman collection of American folk art, a sapphire-and-diamond necklace made in the 19th century for Queen Maria Christina de Bourbon of Spain, Martha du Pont's dolls, Barbara Johnson's whaling collection and a Colt revolver worn a half century ago by Charles A. Lindbergh. Outstanding among the paintings up for bidding this season are Dali's "Accommodations of Desire," Cézanne's "Hills Near la Montagne," a 1901 Picasso painting of a mother and child, and Winslow Homer's "East Hampton, Long Island."

No one can predict, of course, whether this season's totals will surpass the record-breaking figures registered worldwide in the 11-month period which ended in August at Sotheby's and Christie's, both based in London. Sotheby's worldwide sales soared 34 percent to £317 million ($602.3 million) and Christie's sales rose 16 percent to £77 million ($328.7 million).

By season's end, however, several categories of sales had suffered reverses and some softening was definitely evident in the art market. Nevertheless, the presidents of both auction houses in New York, while cautious, say they do not expect any drastic changes in the 1981-82 season.

"I think people have already become more selective in their buying," said Mr. Bathurst.

"If Paul Volcker changes the interest rates around a little bit, then I think all areas of the art market are going to loosen up very rapidly," commented Mr. Marion. And if interest rates are lowered by the Federal Reserve Board, he continued, it might help to correct the softening that occurred toward the end of last season in such categories of sales as Old Master and 19th-century paintings, Art Nouveau and Art Deco wares and jewelry.

"This market is a financial market as much as any other," he said. "Supply and demand run it. Money right now is very much tied up in things which are paying terrific dividends. When that changes, art will be more in demand again."

In the art world, the auction scene is a dynamic arena in which collectors, dealers and museum curators compete for some of the most exquisite art works, where dramas unfold daily, where fortunes are made and spent and where, in a fever pitch of bidding, the coolest and most dignified collectors and dealers sometimes act like gamblers determined, at whatever price, to win.

What appears certain, however, is that the New York activities of both art-auction houses will continue to expand, overshadowing the London events and possibly surpassing the totals chalked up in the British capital. Sotheby's total sales in New York reached $264 million, dramatically exceeding the Sotheby total of $177 million in London. After only three full seasons in New York, Christie's total was $130 million, just $15.9 million shy of its London figure of $145.9 million. The total for the two top houses in New York of $394 million did, in fact, surpass the total for the two top houses in London, $324.7 million, making New York, for the first time, No. 1 worldwide in art auction sales.

Auctions, which were once viewed by Americans as synonymous with liquidation sales, are no longer denigrated. Today auctions are seen as big business and they are respected as acceptable forums for buyers and sellers of art, antiques, books, stamps, coins and jewelry. So successful are they, in fact, that owners of far more unconventional wares — including a collection of 198 examples of the taxidermist art, shrunken heads, vintage cash registers and juke boxes — are taking the auction route to dispose of property. Christie's, in fact, will auction 60 airplanes in December when it disperses the contents of "Wings and Wheels," a transportation museum in Orlando, Fla. Earlier this month this concern sold another vehicle — a 58-foot-long Papuan war canoe — with the rest of the contents of the "World Museum" in Tulsa.

Although such sales are widely publicized, it is the major auctions of modern and Impressionist paintings that take place in November and May at both houses that attract the most attention and are usually among the most exciting events in the art world. Participants come from the four corners of the globe to bid on some of the world's most expensive pictures. And television cameras record the most impressive purchases.

Invariably there are surprises in the astronomical prices fetched and the unknown bidders who surface at these sales. This happened in May when a Picasso "Self-portrait: Yo," an arresting 1901 study of the artist which had been estimated to sell for up to $2 million, sold at Sotheby's for more than double that price — $5.3 million — to Wendell Cherry, president of a hospital chain based in Louisville, Ky., who had never been identified before as a major collector. The price was the highest amount ever paid at auction for a Picasso and a 20th-century picture and the fourth most expensive picture ever sold at public sale. The underbidder on the Picasso was the Kunsthaus Art Museum of Zurich which won another prize — Renoir's "Two Young Girls Reading" at $2 million, establishing a new high for the artist.

One year earlier there was even greater excitement at Sotheby's when J. M. W. Turner's "Juliet and Her Nurse" sold for $6.4 million, becoming the most expensive art work ever auctioned — and probably the most costly painting ever sold in any fashion. The Turner was purchased by a dealer from Buenos Aires representing Amalia Le Croze, widow of Alfredo Fortabat, an Argentine millionaire cement producer. Mrs. Le Croze de Fortabat had come to New York in her private Lear jet two weeks earlier, and stopped in to look at Christie's exhibition of 10 paintings from the collection of Henry Ford 2d. She ended up becoming the mysterious "woman in white" when she bid on and won two of them three days later: Gauguin's "La Plage au Poldu," a painting of a Breton landscape which was $2.9 million, a record at auction for the artist, and Van Gogh's "The Public Park" at $1.9 million.

"She came in and requested a ticket for the evening sale, saying 'If I'm not in the main salesroom, I'm not coming,'" Mr. Bathurst recalled, explaining that by then all the tickets — they are free — to the event had been distributed. "We were booked solid — but someone remembered that she had made a purchase in London recently. So we gave her the seat of a dealer, down front and on the center aisle."

Evening sales may attract the biggest crowds, but the auction houses are frequented throughout the year by collectors, dealers and museum curators. They flock to these salesrooms to view the art as they would in galleries and museums in presale exhibitions, to attend lectures — some of which carry admission fees — and to purchase the profusely illustrated catalogues of upcoming sales.

Those who show up for sales in New York at Sotheby's three houses or at Christie's two houses may witness a subdued dispersal of books, stamps and coins or a livelier gaveling of Oriental rugs or furniture, most of which are now being sold to buyers waving numbered paddles. Bidders who are major clients of the auction houses will be given their own numbered paddle, a move that may speed the computer processing of purchases. It also makes bidders more visible to the auctioneer.

"It has become a sort of snobbism to bid so discreetly that only you and the auctioneer know what's going on," said Mr. Bathurst. An incident involving such bidding took place at last year's Ford sale when Cézanne's "Peasant in a Blue Shirt" was up for bidding. Minutes after the hammer fell at $3.9 million, Heinz Berggruen, a Paris art dealer who bids subtly, was shocked when his friend Eugene Thaw, the New York dealer said: "I'm sorry Heinz, I took the Cézanne away from you." "You can't be serious," Mr. Bergruen replied, certain until then that he had bought the painting. The men who had sat two rows apart but almost in a direct line with each other returned to the podium to discuss it with the auctioneer. When the dealers could not agree to reopen the bidding, the matter was resolved in Mr. Thaw's favor.

"I never saw him bidding," Mr. Bathurst recalled later. For this and other reasons, he discourages potential bidders from arranging special signals. Mr. Marion, on the other hand, doesn't mind bidders pulling an ear lobe, tweaking a nose, winking or whatever.

Edward Lee Cave, a Sotheby's vice president and auctioneer, agrees. But, he said, bidders sometimes become rattled when things do not go as expected. He recalled the time when a Swiss porcelain collector who had never bid before was bidding instead of his more experinced wife. He told Mr. Cave he was extremely nervous, adding, "When my pencil is up, you know I'm bidding." Once the bidding was underway the Swiss industrialist dropped his pencil and, bending over to find it, he stuck his foot in the air to show he was still bidding. "Never did that foot leave the air," said Mr. Cave. "It's the only time we ever sold a bird-shaped tureen to a well-shod foot."

Mr. Cave has been going to auctions since childhood when he frequented tobacco auctions near his home in the South. "Auctions in this country weren't a respectable way for things to change hands," said Mr. Cave. "In England they have been for 200 years. And on the continent, too. Madame du Barry sent her things to auction. In the United States it began to change in 1965 when Sotheby's came to New York after its purchase of Parke-Bernet."

The acquisition signaled many other changes at the house, moves that have sparked its phenomenal growth. The first season of Sotheby's ownership, Parke-Bernet did $13 million, a figure surpassed two times at that house last season in art sales. Gradually, in each field, specialists, whom Sotheby's calls experts, were introduced and soon the sales themselves became increasingly more specialized. The cataloguing also changed, becoming far more sophisticated in the texts — at times even scholarly — and more fully illustrated, too. Eventually the catalogues gave such additional information as the range of price that the auction house expected the art work to bring and an explanation of the warranties on what is purchased.

Not all the changes were welcomed by the art world — especially the trade. One of the most controversial developments was the introduction of reserves — the prices below which owners will not sell. Although used in England for two centuries to protect the sellers of property against collusive bidding by rings or syndicates in the auction room, reserves had long been resisted in the United States. Now virtually everything sold by these art auction houses carries a reserve, but the figure is not published. And many art dealers want to change that practice.

"We feel there is unfair competition in the secret reserve," said Stephen Hahn, president of the Art Dealers Association of America, Inc. "The secret reserve makes a mockery of a public sale. Until the bidding reaches the reserve, the whole performance is a sham because the offering cannot be purchased." Mr. Hahn and his colleagues in the association would prefer to have the auction house publish the reserve and, barring that, open the bidding at the reserve, because that figure is the actual price at which it can be purchased.

The auction houses insist on retaining the secret reserve as a protection to consignors against collusive bidding. "Besides, reserves are not always set beforehand, especially today with dramatic currency fluctuations," Mr. Marion said. "And in the case of collections of many properties, frequently it is up to the auctioneer to sell the art works at his discretion, allowing some to sell below expectation when others have brought prices higher than anticipated."

The auction houses advise potential buyers to consult the estimates printed in the catalogue to guide them in bidding. Most reserves are between 60 and 90 percent of the low estimate. In the cases of more expensive property, the reserve exceeds the low estimate but never the high estimate.

"The main point, really, is that the dealers want to be in control of all of the art market — including auctions," Mr. Marion said. "The consignors are our clients and the reserve is their protection."

Other dealers object to the auction-house specialists presenting themselves as experts and giving the impression that what appears in their catalogues is gospel. Dealers in every field can point out errors and some ommissions in descriptions of art works and other wares, some of which, they say, may be fakes and others of which may be in damaged condition, not all of which is spelled out in the text.

The auction houses respond that when there are errors or ommissions it may be for a variety of reasons, including that the art work was not examined in person before the catalogue went to press. This was the case in the sale of a controversial Picasso at Christie's in May, a painting that was damaged and repainted many years ago. "The whole negotiation was done by transparency," Mr. Bathurst said of the 1912 still life of clarinet, violin and fruit. When it was hung and sold a wall label and verbal comment clarified the problem, stating: "This picture has been damaged and restored."

Potential bidders do not have to rely on just the catalogue for information, the auctioneers point out. The specialists who organized the sale are available to discuss age and condition and those who are able should personally inspect the wares they wish to bid on.

The introduction of the buyer's commission of 10 percent, which the auction houses call "the buyer's premium," is another sore point. Before Christie's introduced it in New York in 1977, the seller carried the full burden of the auction-house commission, a fee that ranged from 10 to 30 percent. The 10 percent now paid by the buyer enables the auction house to lower the seller's fee to from zero to 10 percent, a major advantage over dealers in seeking property. "There's far less or no risk at all for the seller — how can we compete?," said a dealer who did not wish to be identified.

The boom in art auctions attracted more than buyers and sellers to this scene. Today the well-born and educated eagerly seek positions in auction galleries.

Stephanie Sala

John L. Marion, chairman of Sotheby Parke Bernet, brings down the gavel on a sale.

Detail from Renoir's "Two Young Girls Reading," which brought $2 million in a May auction

'Today the well-born and educated eagerly seek positions in auction galleries.'

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Post Political Reporter Mark Segal talks to Deputy Premier Simha Ehrlich about agriculture, the final withdrawal from Sinai, religious influences in political affairs, the future of the Liberal Party — and of the Begin government.

CONTENTED MANDARIN

...E CHAMPION SURVIVOR in ...eli jugular vein politics is un...btedly Deputy Premier Simha ...ich. This seemingly soft man ... reserves of steel and stamina ...h have enabled him to tiptoe ...ugh the wreckage of a spell at ... Treasury that would have ...royed any less resilient politi-...

...nly a short term ago, he was ...idered to be done for having ... the Finance Ministry as ...pegoat of the early Begin ...me's economic mismanage-...t. His fellow Liberals, par-...arly Jewish Agency chairman ...e Dulzin and Minister-...out-Portfolio Yitzhak Moda'i ... counting him out and crowing ...t their take-over.

...day Ehrlich is on top of the ...d heap, while Moda'i is on the ... and Dulzin is begging him to ... secure his re-election. He has ...eved the remarkable feat, by ...ing the most of his "Reb ...achem-Reb Simha" relation-..., of staving off Herut ...ands to cut the Liberals down ...e, getting an unprecedented 18 ...rals into the Knesset, and en-...g that he has five party col-...es sitting alongside him at the ...et table. Hints at an impending ...down, designed by impatient ...d-be Begin heirs to force the ...rals into self-liquidation, make ...use his customary affability. I ...ne am sure he has some tricks ...p his capacious sleeve.

...eanwhile, he sits like a con-...d mandarin in the office of the ...culture Minister, built for the ...e size and appetites of his tur-...nt predecessor. The new ...ster has changed nothing in it, ...ng one wonder whether he sees ...elf as a transient. In any case he ... very careful in dealing with ...tions relating to his predecessor ...griculture and his successor-...one at the Treasury (although ...as only scorn for his immediate ... Yigael Hurwitz). He avoided ...: the utmost caution, as if ...tiating a mine field, a question ... why he had abandoned his ...tance to Sharon taking on ...nce. Yet he was willing to ...se the incumbent finance ...ster for having developed ideas ...h he himself had originally in-...uced.

...rlich conceded that economic ...encies had necessitated ...fications of the 1977 revolu-... They could not have foreseen ...decline in European currencies ...the recovery of the dollar, so ... had had to protect the shekel, ...cially for the sake of our ex-...rs. As to subsidies, protected ...Herut populists, he foresaw a ...ual removal of the underpinn-... which his party regards as ...nema.

...LICH'S main aim in his new ... is to put Israeli agriculture on a ...d basis.

"...es, I know that farming is in ...," he agreed. "I won't breathe ...ord about my predecessor's ... There's a cease-fire between ... am at Agriculture, he is at ...nce and each of us minds his ... business...I aim to continue in ...ath of the country's agriculture ...sters, who helped raise our ...ing to its leading position in the ...d. I have taken an oath never to ... our farmers at risk with ...erous experiments. I want to ...re full cooperation with all sec-... of the farming community."

...re he went into details of the ...s by our agriculture exports as a result of declining European currencies. Another two crucial problems facing him were how to help consolidate 150 moshavim, which were still struggling to establish themselves, and how to tackle the lack of liquidity bedevilling the productive sector as a whole, but agriculture in particular.

BEFORE I came to see the deputy premier, I had heard from friends in the Likud that a decisive factor influencing both Reb Menachem and Reb Simha in finally bowing to the inevitability of Sharon taking over the defence establishment was not only his military record and expertise, but their confidence in his capacity to handle the heavy burden of the Sinai withdrawal. When I tried to sound him out on the resistance to the Sinai evacuation by Gush Emunim and Tehiya, he seemed quite relieved to be able to say that "the matter is in the hands of the defence minister."

"They are a minority. We have had trouble with them before, but they do not represent the majority, not even in the northern Sinai settlements and Yamit." As to reports that too many weapons were available to Gush Emunim zealots, he believed that things would be kept in hand when it came to the crunch.

He played down the possibility of trouble next April, when the nation would see on TV traumatic scenes of displaced Israelis leaving their homes, declaring his conviction that everything would work out for the best, that the majority would uphold the rule of law.

He was similarly optimistic about the future of the peace process once all of Sinai has been handed back.

"These are idle speculations, as if President Sadat won't want to pursue peace after the withdrawal has been completed. Such an assumption is totally unfounded. Egypt needs peace as much as Israel."

He dismissed as "completely hypothetical" my question about the prospects for the survival of the peace treaty in post-Sadat Egypt. "Egypt is the most stable regime of all our neighbouring countries, and as far as we can tell, President Sadat is completely in control."

THE LIBERAL Party chairman was just as confident about the survival of the second Begin government. He concedes having had harsh things to say about the early conduct of the first Likud administration. But things had changed and the Likud had learned how to govern.

"We were lacking in experience in holding the reins of power. We did not know our way around the corridors of power. Now things are quite different, and I am certain we will succeed."

Did he envisage early elections?

He blinked slightly behind his thick spectacles, and proceeded to explain why he saw no prospect of elections within the next three years, "unless of course the Likud decides on its own initiative to go to the electorate before the time prescribed by law." That might happen should one of the 61 MKs supporting the government decide to make its life intolerable, but he did not think that either Labour or the National Religious Party would be in a fit state to go to the polls in less than three years. "Any earlier election deadline would only be to the Likud's advantage," he said emphatically, adding with a hint of sarcasm: "Labour is so fearful of elections right now that even if they could muster a majority for bringing the government down, I am convinced they would send some of their MKs out of the chamber to stop the government from falling."

He saw little chance of enacting any electoral reform bill in the 10th Knesset, adding hurriedly "not that I have changed my position on its necessity." He sought to blame Labour's lack of cooperation on this matter, trying to persuade me that the Liberals had not abandoned their commitment to electoral reform under Herut pressure. Nonetheless, he conceded that the main obstacle was the NRP veto, which the Likud could not override.

The so-called "Norwegian bill" (obliging cabinet ministers to resign from their Knesset seats to make way for the next on the party list) would most probably come up during the winter session. He had his doubts about this bill. Admittedly, a minister who was not tied down to his parliamentary duties might have the advantage over those who were; but he was very uneasy at the idea of reduced ministerial accountability involved in such a move.

"I don't like the notion of more than one or two cabinet ministers not sitting in the Knesset. This might cause estrangement between the executive and legislative branches, which is not in the national interest."

In addition, it was doubtful whether the measure could gain sufficient votes: Agudat Yisrael opposed it, and Labour had switched positions and would also vote against.

THE LIBERAL leader reacted irately to the announcement of La'am faction chairman Ehud Olmert (in an interview with *The Jerusalem Post*) of their planned merger with Herut, in a bid to preempt the union of all Likud factions.

"We of the Liberal Party will not act or react according to the dictates of Ehud Olmert," he snapped. Mentioning Olmert's warning that the Liberals would have to lump it, Ehrlich said coldly, "It's not a threat hanging over the Liberal Party but over the Likud," and left it at that.

Questioned about the forthcoming publication of a Likud daily newspaper, Ehrlich said money was no object in such a scheme. All they required to start with would be $2m. that presented "no real problem." What bothered them was how to recruit top-level journalists.

Discussing the premier's American trip and the controversy around the proposed strategic agreement with Washington, Begin's first deputy inveighed against Labour Party strictures on this issue.

"If, God forbid, Shimon Peres had become prime minister and had been in Washington instead of Menachem Begin; he would have returned home proclaiming it 'an historic turning-point.' But because it was Begin who brought it home, it's bad for Israel. All I can say is that it suits Peres to be leader of the opposition."

His composure was ruffled by my query as to whether the Liberal Party existed any longer as an independent entity, or whether it had become — in the words of his predecessor as its chairman, Dr. Elimelech Rimalt — "the bourgeois appendix of Herut."

He sought to brush aside the barb, noting that Rimalt had been a party to the Gahal programme in 1968 which had determined that there could be no partition anew of Eretz Yisrael. Here he added parenthetically: "There has been a considerable shift in all parties since the Six Day War, and Labour's benches overflow with hawks. I personally wish I knew what Labour's foreign policy was. One hears so many conflicting voices from that side of the house. In the Likud our position is clear and the Liberals see eye to eye with Herut."

EHRLICH went out of his way to emphasize that the Liberals have kept faith with their traditional position of not allowing *halacha* to replace the law of the land. He recapitulated the coalition negotiations, especially with pressure coming from Agudat Yisrael and Chief Rabbi Shlomo Goren's men in the NRP to amend the Law of Return (the "Who is a Jew" issue). The premier had reiterated his commitment to do his best to amend the law, but that did not bind the Liberals, Ehrlich stressed.

"To the best of my knowledge the premier will not be able to muster a Knesset majority for such a vote," said Ehrlich, declaring his firm conviction that the religious parties would not go as far as to force this issue over the edge into a coalition crisis.

It was at this juncture that the deputy premier showed me an official letter he had written on August 24 to the president of the United Synagogue of America, Simon Schwartz, and the executive vice-president, Rabbi Benjamin Kreitman in reply to their protest against the coalition agreement. With regard to Section 83 of the agreement, dealing with the premier's undertaking to amend the Law of Return, the deputy prime minister wrote: "...but there is no commitment on the part of the Likud, and especially not on the part of the Liberals that we shall vote for the above-mentioned change." of the law.

"I feel it my duty to repeat and to emphasize that the Liberal Party does not decide on matters of religion and conscience, and leaves this to the personal decision of each member of the party...In the past each member voted and will do so in the future solely according to his conscience and the majority will *not* dictate to the minority its opinions."

He told me he had subsequently met a delegation of 18 American Conservative rabbis, and claimed that they emerged "really happy" from the encounter.

The coalition agreement did not contain anything really new in the way of religious legislation, said Ehrlich, nor did it impose any restrictions on the civil liberties of the non-religious majority. The only new elements were those dealing with additional funding for the Orthodox institutions. Otherwise, the Liberals would not have signed the agreement.

Here he began to ruminate on the tense days of the coalition negotiations with the religious politicians.

"I can tell you now, it just got too much for me and I opted out without giving prior notice. I got terribly depressed by the whole thing. I just couldn't take it any more. So I simply did not turn up for meetings. I was out of things for the Tuesday and the Wednesday. Then I heard on the radio newsreel how Mapam's Victor Shemtov was suddenly saying nice things about Agudat Yisrael. I understood that his surprising conversion had something to do with Alignment efforts to form a coalition. Then on the Wednesday night there was the *Moked* panel discussion with Peres, when he went on record with his very generous offers to the religious parties. That decided things for me, and on the Thursday I returned to the coalition negotiations, because it was apparent that the Alignment was going to go even further towards the religious. Didn't Agudat Yisrael's Avraham Shapiro say in the Knesset that Peres would have paid even more than the Likud?"

MENTION of Chief Rabbi Shlomo Goren made the minister lose his even temper.

"During the course of the coalition negotiations, I realized that one of the chief rabbis was trying to scuttle the talks between the Likud and the NRP, over the 'Who is a Jew' issue. Goren took an even more extreme stand than the Aguda's Council of Sages. I felt that other interests were involved."

He thought that the chief rabbi was considering a scheme that would allow him to certify the conversion authority of only those rabbis he personally favoured in Israel and throughout the Diaspora. Acknowledging Goren's great learning, he wondered whether "having performed the role of chief rabbi for so long he is now perhaps contemplating a career in politics." Thankfully, he did not manage to torpedo the coalition talks, but "it was obvious that this made him very unhappy, so then he pounced on the City of David dig."

The deputy prime minister did not wish to seem disrespectful to a chief rabbi who had made his mark early on by helping unravelling complicated personal problems even if it involved clashing with the ultra-Orthodox. "However, of late he has swung so far over, one feared he might be competing with the Netorei Karta," Ehrlich declared. He accused Goren of undermining national unity by his fanatical stand, and of launching a *kulturkampf*. "In one fell stroke he has erased all the positive elements from his record," said Ehrlich.

What upset him especially about Goren was the way he had provided succour to the most anti-Zionist elements in the ultra-Orthodox camp "at a time when Netorei Karta has launched a real struggle because the living standards of the yeshiva students of Agudat Yisrael have risen markedly since they grew closer to the Zionist parties. This has caused great jealousy among the ultra-Orthodox, and is a challenge to the violent line pursued by its leadership."

The Likud leader winced at mention of the riotous behaviour of the party's Histadrut faction at the recent Labour federation convention. But he blamed "Labour provocations" for the violence that had swept the Knesset elections, denying that the Likud or Premier Begin personally for that matter, could be charged with any responsibility for it. Nor did he see a threat to the fabric of Israeli society in the upsurge of communal particularism, believing that with the gradual improvement in living standards such feelings of alienation would disappear.

His answer to growing violence was to strengthen the police force, so that citizens would feel safe, but while talking at length about the Interior Ministry's need of more money for the hard-pressed police, he did not bother to spell out how it was to be provided.

Dry Bones

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THE SECOND TEMPLE had been built, and the walls of Jerusalem had been fortified under the leadership of Nehemiah. A call went out to all the people, the exiles returned from Babylon to assemble as "one" in Jerusalem near the Water Gate, on the first of Tishri. United in mind and spirit, they listened to the words of the Tora read by Ezra and explained by the Levites.

Moved by the potency of the Law, a Law they had not heard in its entirety for so many years, they began to weep. Ezra lifted their spirits, counselling them to eat what was sweet and to have no remorse for what had happened in the years of exile. He emphasized that "the joy of the Lord is your strength."

This striking incident, described in the eighth chapter of Nehemiah is, according to the Maharil of Prague, the source of the beautiful Rosh Hashana custom of eating an apple dipped in honey and praying for a year that will be good and sweet.

The two ingredients of this particular ceremony capture, in their own way, many of the themes of the feast itself. In the Bible, the apple appears frequently, and particularly, in the Song of Songs. In chapter 8 the apple is the special gift given to one's beloved. Interpreted metaphorically, the Song of Songs is referring here to God's gift of the Tora to His beloved, the Jewish people. On Rosh Hashana, the Jewish people is expected to rededicate itself to studying, understanding and practising the precepts of God's Law. The Jewish people, our tradition tells us, is the apple of God's eye.

The apple and the honey

By DAVID GEFFEN/Special to The Jerusalem Post

WE ARE BIDDEN on Rosh Hashana to face up to our inadequacies and to renew ourselves.

The historian Josephus notes in his *Antiquities* that whenever King Herod felt faint he would peel an apple and eat it. In the *Tosefta* of *Bava Metzia* it is pointed out that apples are sent to those who are ailing; and in the Zohar on Leviticus, the apple is described as being good for illness of the body and the soul. The apple, thus, has the curative features so essential for the season.

On Rosh Hashana, every Jew is called upon to examine his conduct during the past year. The examination is a very searching one, for he is asked to consider whether he has grown intellectually as a Jew. The apple plays it part here, too. In his *Guide of the Perplexed*, Maimonides equates the fruit with inquiry into the wisdom contained in the Tora.

Thus, both bodily and intellectual needs and pursuits are linked with what the poet Judah Halevi apostrophized as:

"Lovely apple, noble work of God

To delight the sense of taste and smell."

THE OTHER ingredient in the ceremony is the honey. Ezekiel indicates (in chapter 16 that honey is one of the desirable things bestowed on humanity by God. When David was in exile, having fled Saul's wrath, honey was sent to nourish him and his followers. In the Tora honey is a symbol of the sweetness of the divine blessing on mankind.

The Talmud picks up this theme, specifying in *Berachot* that honey is one of the "seven healing substances." On Rosh Hashana the honey, with its curative, restorative and rejuvenative powers combines with the apple.

FROM AN ISRAELI perspective, the apple and honey emphasize two major themes of Rosh Hashana, return and regeneration. Throughout the centuries, while Eretz Yisrael was under foreign rule, apples were not grown here and some say they would not have survived even if they had been planted. Similarly, the only honey available in the country was that taken from the hives of wild bees in the clefts of rocks or in the forests.

The production of honey was begun in Eretz Yisrael in the 19th century on Mount Zion by the Baldensperger family and then taken up by the settlers of Ness Ziona who purchased the primitive hives then in use. Today, several thousand tons of honey are produced in Israel annually.

The cultivation of apples only began, on a large scale, after the rebirth of the state. The production of apples has increased so dramatically, particularly in the Golan, that this fruit has become an export crop of some proportions.

The double blessing of "goodness" and "sweetness" which the apple and honey engender is especially pertinent at the beginning of a new year. "Goodness" in Hebrew is *tuv* whose literal meaning is hitting the mark, obtaining one's objective. One could have no more fitting wish for a new year. The honey is the sweetness, but it does not automatically remove all the bitterness. Rather, it fortifies each one of us challenging us to move forward with head held high and "sweetness under our tongue."

On Rosh Hashana, when the apple, "the noble work of God" is eaten after being dipped in the honey whose sweetness is "one sixteenth that of manna" — God's heavenly food rained down on His people in the wilderness — a renewal occurs. The apple and honey, through their literal and symbolic nuances, are linked together to fortify those who partake of them for the year to come.

MANGO TANGO

By HELGA DUDMAN/Special to The Jerusalem Post

YOU ARE a mango lover, and you are alone in a room with this mango. What next? What steps will ensure a warm, open, mature, satisfying experience?

I raise the question because eating a mango is not simple. It is plump and juicy, all right, but it has this strange single seed — big and flat, about the shape of a half-used bar of soap. It does not drop out easily, like that of an avocado, just waiting to have toothpicks stuck in it and put hopefully in a jar of water. No, the mango seed is somehow mysteriously integrated into the fruit. Even after being chewed, it ends up looking like some small furry orange beast.

It may be helpful to know the truth about this seed. If your mango is an Indian variety (of which there are about 500 species), it is monoembryonic and its progeny will not always resemble the parent. If it is what my *Britannica* calls "of the Phillippine race," it is polyembryonic and each seed may have several young, all closely resembling the parent. Keep in mind, too, that mangoes are polygamous, in that some have both stamens and pistil, others stamens only. Experienced adults will not have much trouble peeling them with a sharp knife, but this is only half the battle.

There are two main types of mango eating: that of the solitary savage, and that of the social ceremony. In the first method — aggressive eater alone with helpless mango — the flesh is bitten into (after peeling). Drippy and delicious, but hardly a mutually rewarding experience.

The mango is giving you a lot. Per 100 g., it works out to .06 mg. protein; .04 fat; 14 mg. calcium; 16 mg. phosphorus; a meaningful 205 mg. potash; 27 mg. magnesium; and what should be an unforgettable 2,700 unit dose of carotene, not to mention some sensational vitamins.

But have you ever given even a passing thought to the needs of mango? These lines are an effort to redress this wrong.

As for the mango in polite society, one sophisticated approach is to leave it unpeeled and cut into three sections, down the side of that troublesome seed. The middle section, containing seed, is set aside for the children, or for the hostess when the guests finally leave, and she is doing the dishes. The two other thirds are cut into cubes, peel left intact, and turned back on themselves, if I make myself clear, and the cubes eaten delicately with a fork.

This gracious method is used by my neighbour Rina, a jewel of a hostess, whose husband Uri happens to grow mangoes. His orchards are in Migdal, where he also grows grapefruit, avocados and pecans. Mangoes, he tells me, are most difficult and sensitive, growing them is "a bit like raising a child." They require special supplemental nourishment such as iron and zinc, and are fussy about their soil. To compensate, they bring very high prices on the market — mostly in Tel Aviv, where life's finer things are said to abound.

MANGOES are recent immigrants here, and most of our plantations are young. Moshav Almagor raises beauties, and Ein Gev produces early ripeners. Since the hard-pressed Israeli consumer is ready to pay very high prices, few mangoes are exported, but later-ripening varieties may be introduced for shipment abroad.

These comments were intended to be directed toward how to eat, and not how to grow the mango; but, since the season has come to a close, we should keep in mind some related data to get us through the mangoless fall and winter. Thus, we have the mango in literature. The late S.J. Perelman, in one of his many phrases describing the degradation of the mass-food industry, referred to "an atomburger and a frosted mango." In a far more cadenced and theological sense, T.S. Eliot, at some point before his conversion to Catholicism, wrote that "The 'potamus can never reach/The mango on the mango-tree — But fruits of pomegranate and peach/Refresh the Church from over sea."

In the mango's long and noble history, Buddha himself was presented with a mango grove so that he might repose in its shade. (In India, the tree can grow to 30 metres.) A Chinese traveller told the outside world about the fruit in the 7th century, and an Indian emperor planted an orchard of 100,000 mango trees in the 16th... An English traveller wrote in ... that "for taste, the ... peach and apricot fall short," and ... a hundred years later wrote that the Goa mango is "the largest and most delicious ... the wholesomest and best tasting of any fruit in the world."

BUT AS WITH all else, there is no consensus, and among the many opposing camps into which the world is divided, there are those mango-haters vs mango-lovers. There is, thus, a kind of person with whom a mango would be perfectly safe in a room, the person who says, "They set my teeth on edge." (Technically, there are mango fanciers who admit that you may get fibres between your teeth. Here again, it depends on the variety, and the new types have been de-fibred.)

These people also say, "They make me sick, just thinking about them." Like cats or, if it comes to that, like gefilte fish — and here we are, right back at today's ethnic cuisine scene. The mango may well be the gefilte fish, and of course ... the couscous, of the Bene Israel. But what a difference! I could happily live for a month on mangoes, whereas gefilte fish makes me want to leave the room.

There. I've said it. This is not a political statement, and it will not make me a media star, but you ... can't fight these old cultural roots, and mine are deep in ... sodas and tuna-fish casseroles. In fact, I had never in my life been near a gefilte fish before coming to this country.

A word about the name of the mango, which promises sultry afternoons in tropic glades, like all those mangrove-mandrake names, even though the *Oxford Dictionary* peevishly defines the mango as "a fleshy drupe with turpentine flavour." The name mango comes via the Portuguese, from the Tamil *man-kay*. But there is also an ancient Sanskrit name, *am*. It means not exactly people, but provisions — which is more than you can say for gefilte fish.

Meatless feast

BACK TO SCRATCH

Phyllis Glazer

FAMILY GET-TOGETHERS at Rosh Hashana and other celebrations are a great opportunity for overeating, and most of us do. Heavy meals and undue wine consumption may be fun in the beginning, but the project may be indigestion and headaches. Best to take it easy in the food department and start the New Year right by feeling great.

A holiday feast can be just that without meat and without spending hours in the kitchen. Here are some menu ideas:

VEGETABLE MEDLEY

1 large onion, sliced
2 carrots, sliced diagonally
1 apple, sliced thinly
¼-½ cup raisins
3 large prunes
50 gms butter
2 tablespoons safflower oil
2 teaspoons curry powder

Place the onion and carrots in a large teflon or similar pan with a cover. Cover and steam (without water) over low heat about 10 minutes. Vegetables should still be crisp. In the meantime, soak the raisins and prunes in boiling hot water till tender. Drain. Add the apple, raisins, and prunes, which should be chopped first. Cook till apple is tender, but carrot is still a bit crisp.

Sauce: in a small saucepan, melt the butter and add the curry powder while it is melting, stirring constantly. Add oil and salt to taste. Serve the vegetable medley over brown rice or barley with nuts, pouring the sauce on top. Pumpkin and/or corn may also be used in this dish.

BARLEY WITH NUTS

1 cup whole barley
1¾ cup water
1½ tablespoons oil
¼-½ cup nuts
salt to taste

Fry the barley in the oil till all grains are covered, and barley just turns white. Add the water, bring to a boil and cook over low heat till the barley is tender (it shouldn't be soft, but chewy). Add the nuts and salt to taste. Particularly recommended with the Vegetable Medley above.

NEW YEAR'S APPLE

firm sweet apples
natural (dark) tehina (available in health food stores)
honey (optional)

Use one apple per person. Peel and core. Add about 1-2 tablespoons of tehina, or enough to fill the centre. Pour a little honey on top if desired. Place in a pan of boiling water, and bake at 180°C ... until the apples are tender. (The tehina solidifies, creating a melted cheese effect.)

DELUXE MANGO DESSERT

Some people don't like to share their favourite recipes. But I feel that a good recipe is a trust to pass on. This dessert is bound to get your New Year off to a great start.

4 mangos
2 bags whipping cream
brown sugar

Grease a large ... baking dish with butter. Peel and slice the mangos into large pieces, and place a layer in the bottom of the dish. Whip the cream, and spread a layer on top of the mangoes. Another layer of mangoes, another layer of whipped cream. Freeze till firm.

Place a thick layer of brown sugar on top, and freeze a few more hours. Just before serving, put dish under the broiler for a minute or two to melt the sugar. The baking dish should be close to the broiler, but not too close or the sugar will burn. Be sure not to leave the dish under the broiler ... or the whipped cream will melt. Serve immediately. ... leftovers.

Scrap over canal

LISTENING IN...

Ze'ev Schul

IT SEEMS as if our next major national row, happily and for a change, will have nothing to do with politics (at least not in immediate, list-raising level).

When I listened in, this week, the Electric Corporation and the Mediterranean-Dead Sea Canal people were carrying on about how the project should be parcelled out. The Canal men claimed the electricity people wanted to hog it all: their rivals maintained they're the ones who really know how to handle the project, and most of the equipment.

Yet there are at least two other companies I can think of — each of them better-equipped and with superior staffs — to handle the project. One is Mekorot, the other Tahal. Certainly they've had more experience in Israel and abroad with this sort of thing. There was the National Water Carrier, for instance, and all those overseas projects in America and Africa.

Of course, Solel Boneh's a perjorative term, nowadays, and nobody would expect Koor to have more than a bone thrown its way. My guess is that some fly-by-night American contractor, importing Korean workers (who'll convert to Judaism in large numbers, thereby swelling aliya), will land the contract. At least, we'll acquire a few more Chinese restaurants serving (kosher) fake sweet and sour spare ribs.

IN CONNECTION with all this, we've had the recent sixtieth anniversary of the granting of the Rutenberg Concession. There was a time when Rutenberg's name was synonomous with electricity. You didn't pay the Electric Corporation — you paid Rutenberg. You phoned him when there was a fuse. His smoke-stacks, first in Haifa then Tel Aviv, were rising symbols of progress, and irretrievably marred the skyline at the end of Dizengoff, Ben Yehuda and Hayarkon.

The concession was granted on September 12, 1921. The two parties were the Crown Agents, acting on behalf of his Excellency the High Commissioner for Palestine, Sir Edwin Samuel, on the one hand, and Pinhas Rutenberg, a civil engineer of Jerusalem, on the other "for the creation of electric energy for domestic and industrial use..."

The Rutenberg electric project at Tel Or was established to funnel the Yarmuk into an artificial lake east of the as yet unfounded Kibbutz Gesher, and to build a hydroelectric plant to utilize the nearby Jordan waterfalls. One labourer on the project was called Se'ira — the composer who would contribute to the country's musical repertoire, and who dedicated some of his first songs to "the old man of Naharayim."

PIOTR (PINHAS) Rutenberg (1879-1942) already had quite a reputation when he arrived here from Russia. His biography should make extraordinary reading if it's ever assembled properly. He marched with Father Gapon on "Bloody Sunday" of the 1905 Revolt. He was a social democrat then a revolutionary, was appointed by Kerensky Deputy Governor of Petrograd, and was one of the last defenders of the Winter Palace against the Bolsheviks. He was imprisoned, escaped, joined the Whites and finally decided to immigrate to Palestine in 1919.

His contemporaries recall him riding a horse at Deganya to survey the Jordan in connection with his idea for a hydroelectric plant. In order to raise the storage capacity of the Kinneret, he advocated building the Samakh-Tiberias road, which runs along the lakeside and serves as a kind of levee.

Rutenberg had actually the notion of a series of 10 hydroelectric plants. But he was exacting, he wanted everything completed "yesterday," and his demands grated on his workers' nerves.

He put the fear of God into his men. Some still recall how he would fine them for even minor breaches of discipline. But fear was tinged with respect, admiration, even affection. There wasn't a single strike during the "Old Man's" lifetime.

THE PLANTS were only one of his preoccupations. His main work was at a different level. He was a fanatic believer in the Jewish revival in its homeland, though enough of a realist to see the obstacles. Some of his contemporaries thought him as much a visionary as Herzl, though maybe a bit more hawkish. However, he was more of a realist than Herzl, perhaps because he had the advantage of relative youth.

Advt

THE INSIDE TRACK

A perceptive guide to shopping and services in Jerusalem

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هكذا من الأصل

COLOSSAL CUCUMBER

GARDENER'S CORNER / Walter Frankl

ANTIC successes like Jack had his beanstalk are rare, but th my luck with an unusu umber seed which h luced a fruit a metre long. This ened after I had written off waste of time.

seed came into my hands years ago in a supermarket in nany — not a grocery, but a em self-service seed store e aisles were lined with every of flower and vegetable seed inable, except for what I ed, cucumbers.

t's not the season for mbers," said the saleswoman. ut in my country we can still hem," I objected.

hen you must come from l," she replied.

en I said that Israel was my , there was a dramatic change r appearance. She became trembled and tears began to lown her cheeks. This young n, too young to have personal ience of the Holocaust, found ficult to meet a German-ing Israeli of that generation. sked me to take a seat while id the warehouse searched for ed I wanted. She produced a different varieties, saying se take them all, free of e, and let them flourish in your ry. But here is something l, a giant type of cucumber as been cultivated in southern The plant, she told me, was Hercules' Club. It was edible as good sliced raw or cooked marrow.

E SPECIAL seeds had a long s I was working on a gardening they were put away in a r and half-forgotten. Only last did I put the three or four l to some small tins and settled to see what would happen. te my carefully-prepared g medium of sand, peat and perlite and my regular watering, nothing at all happened. After four weeks it seemed that the Hercules seed had lost its germinating power, so I used the pots for some tomato seeds. They at least produced sprouts after a week. And then, in one of the pots, a shoot that was no tomato. Ecstatic as Jack with this evidence of the miracle of growth, I watched and waited.

In a matter of days, my seedling produced six leaves and was ready for a new home. The 15 cm. seedling went into a drum next to the metre-and-a-half post holding up our washing line. It seemed a good arrangement for a climbing plant like the cucumber. But in six days my little Hercules finished with the post and reached out along a three-metre rope I had tied from the post to the garden fence.

By the time it had finished with the fence, as well, many white, trumpet-shaped flowers had appeared. I watered this wonder daily and added some guano. Evidently it liked my care, for it took off for an apple tree, from which it moved on to a cypress and then to an even taller pine.

The cucumber plant produces both male and female flowers. During the apple-tree phase, mine had come out with a few female flowers, but none developed into fruit. Or so I thought.

When the vine was a good eight metres long, I noticed a fruit between the upper branches of the cypress tree. This baby has grown to be close to a metre long. In Italy, I'm told, the Hercules' Club fruit reaches as much as two metres. I'm now wondering how long I dare wait before asking my wife to experiment with it in the kitchen.

Walter Frankl with his Hercules' Club... still growing strong. (Yair Zacks)

AT NO time of the year is colour and fresh greenery in a window-box more appreciated than during the latter weeks of winter. Now is the time to think about creating such a display. By preparing pots and boxes of seeds, bulbs and plants in October, you can enjoy the refreshing sight of variegated foliage from mid-November on, and even have a breath of spring during what is generally a dull time of the year, with flowers blooming in your window from January until the end of April. And there is a variety of plants from which to choose.

It is of minor importance whether your winter garden goes in a north, south, east or west window. All of the plants mentioned here will do well in partial shade, but those with optimal light condition will bloom earlier.

What to plant. Bulbs are one idea for early blooms. I have already discussed them so this is only a reminder that all spring-flowering bulbs — tulips, freesias, hyacinths, daffodils etc. — may be planted in containers until the end of October. Here are also some annuals and perennials for container-growing. Visit a nursery to see what else is being offered, as this list is by no means a complete one.

Daisy (*Bella Perennis bat-hen* in Hebrew). This low-growing plant flowers from early winter until late spring in white, pink and red. Flowers have small golden centres.

Wallflower (*Cheiranthus cheiri* or *mantur tsahov* in Hebrew). This perennial tends to grow as a bushy plant and is best regarded as a biennial. It reaches a height of approximately 40 cm. I always cut my wallflowers back after their blooming to 10-12 cm. above ground level. They have the advantage of remaining green all winter long. Be sure to mulch them against frost. This flowering beauty notwithstanding wallflowers should be dug out after two seasons and destroyed, because their roots tend to attract damaging nematodes when left too long in a container.

Pansy (*Viola tricolour* or *amnon vetamar* in Hebrew). This is one of the most valuable plants for windowboxes. Long side shoots and faded flowers have to be removed frequently to keep the plants looking decorative and for good health. Pansies sometimes start their blooming in late winter and continue until summer.

Nasturtium (*tropaeolum majus or kova hanasir* in Hebrew). Nasturtium makes an excellent display with its vivid scarlet, salmon, gold and yellow blooms. There are single and double-flowering types. Sow seeds just now (not later!) 1-2 cm. deep at the sides of the container.

Petunia (same name botanically and in Hebrew). Winter flowering double (filled) species of petunia are available now at garden centres and nursery shops. They bloom in violet-blue, pink, red and white stripes. Buy only healthy-looking plants in tins or plastic bags and transplant with the whole rootball intact.

Permanent framing. To provide a decorative frame for flowering plants, consider planting variegated ivy with its neat grey-green leaves; trailing, pink or red geraniums; spider plants with white-green striped foliage; *Asperagus sprengeri*; or "wandering Jew" (*tradescantia* or *zebrina pendula*) with green, white-green or purple leaves. A few natural rocks and woody branches placed between the flower plants will make the window-box look like a garden in miniature and not just a row of plants.

Triumphant return

MUSIC

JGH HE didn't take first Christian Blackshaw emerged the 1980 Rubinstein piano ɛtition as a real winner. When ne here for the competition pril, he was quite unknown, the more than 30 contestants ıround the world.

English pianist did not make he finals; yet a few months ıe played 14 concerts with the Philharmonic Orchestra. Now ɛhaw is back, opening the ı of the Haifa Symphony stra with conductor Lior ıadal and playing a sold-out at the Tel Aviv Museum. of the winners of the Israel competition did half as well

ɛimately, the Rubinstein com-ɔn was an invaluable ex-ce," says the soft-spoken, nannered pianist. "Out of vas a failure by accepted stan-came satisfaction, even suc-

e moment it was announced ıe jury would not pass me to als, I was very upset, much as ıblic enthusiasm had moved fore. But, now, from a safer ce, I think the real judge, even ompetition, is the audience. ll, it is the people that either ɛkets to your performance or on't." The artist speaks with varmth of the Israeli public, "18 months later, still ber me."

popular acclaim in Tel Aviv d the ears of Zubin Mehta, ıditioned him in London and, tion to the engagement with the IPO, offered a series with the New York Philharmonic. Blackshaw is to play in New York this fall, under Raymond Leppard, the *Concerto* by Britten and give the American premiere of the composer's early work, *The Young Apollo*. Three days later, he is to appear in a Mozart concerto with the Royal Philharmonic at London's Royal Festival Hall.

Now 32, the pianist has reached the eligibility age limit for competitions. Although he won prizes in the Van Cliburn and Tchaikovsky contests, there, too, he says, the gratifying aspect was the contact with the audience. "I was invited back to Russia and played my first real recital at the Tchaikovsky Hall of the Moscow conservatory. It was sold out, and from the first notes, I felt the audience with me. This inspires enormously, and you want to give your very best. The famous Russian music public has been very kind to me, and I feel much the same way about the wonderful people here."

ASKED about his attitude towards competitions, Blackshaw weighs his words carefully. "It is probably the only way to bring a young pianist to the point of being able to play many concerts. The managers just would not have you unless you win something spectacular. But even for the winners, there are pitfalls and dangers. A competition adjudicated by musicians one respects, to whom one can speak afterwards, can be a useful experience."

Ironically, it was after Blackshaw's controversial loss in Tel Aviv and the following public uproar that an important American manager, with whom the pianist had been in touch for some time, cabled the consent to sign him up.

Christian Blackshaw has been fascinated by the sound of the piano from the age of three. Regular studies were started at seven. "Some two-and-a-half years later, I changed teachers and began working with a wonderful lady who instilled in her students a passionate love for music. I am so glad she did it, rather than drilling us on excercises. She was proved to be absolutely right: when your mind develops, you know what you have to improve."

The main musical influence in his life has been Gordon Green, with whom he worked for almost 16 years, up to Green's death last April. "He was a teacher of true greatness. He sacrificed everything for his students — a lesson could last for an entire day, from 9 a.m. to 10 or 11 p.m., with breaks for meals and coffee. Through all the years of my study with him, we disagreed about interpretation only once; he had the incredible gift of coaxing and bringing out one's artistic individuality, while at the same time guiding by his remarkable taste and broad intellect. Gordon was able to hear in his studio how your playing would sound in a big concert hall."

It was the piano sound that was the focus of attention during the two years Blackshaw spent in Leningrad, studying with the renown pedagogue, Moysey Halfin. "For three months, he kept explaining how he wants me to sit and how to produce the sound. And then one day, as I tried to play the slow movement of the Mozart *A Minor Sonata*, he cried out: 'Yes, it's coming!' I could have jumped to the moon out of joy.

"If you do not have beautiful sound, you do not have anything," says Blackshaw emphatically. "That is what totally fascinates me about the piano. It is such a miraculous creation. I want to extract the last nuance of every phrase."

ELI KAREV

ISRAEL SINFONIETTA, BEERSHEBA, Mendi Rodan, conductor, Avner Itai, guest conductor, with the Cameran Singers; Francine Laurent-Gerimont, Bibiana Goldenthal, sopranos; Hanna Zur, alto; Alexander Platts, tenor; David Pittman-Jennings, bass (Jerusalem Theatre, September 26). Stravinsky: "Pulcinelle"; Haydn: Six Songs for Choir and Piano (Anat Sharon); Haydn: Mass No. 7. "In Time of War."

THIS WAS a fine start for the season. The programme, marking the 100th anniversary of Stravinsky's birth, and the 250th of Haydn's, presented the *Pulcinelle* Ballet, in its complete form with singers (Goldenthal-Platts-Pittman-Jennings), who more or less fulfilled their obligations towards Pergolesi (who wrote the original music). Mendi Rodan, with relentless tension, drove his musicians to achieve a lively and stimulating performance.

Completely in contrast to this, Avner Itai, musical director of the Cameran Singers, elicited a relaxed and wonderfully intimate rendition of choir songs by Josef Haydn, unknown gems of great musical beauty, in which the group excelled in lovely sound and fine music-making.

The same 30 voices suddenly turned into a fully-fledged oratorio chorus, producing sonorities of great power, bright vocal colours and a refreshing liveliness of performance, far superior to what we are used to expect from much bigger choirs in Israel. Mendi Rodan's presentation had strong impact; a better celebration honouring Josef Haydn could hardly be imagined. The orchestra cooperated with its customary dedication and alertness. The singers (Laurent-Gerimont, Zur, Platts, Pittman-Jennings) were inadequate — the alto has a nice but minimal voice. Only the bass came up to expectations.

The excellent Cameran Singers should do something about their outward appearance — their apparel is most unattractive, the men all in black, the women all in honey-colour. But, otherwise, they and, in particular, their conductor Avner Itai deserve highest praise and support.

YOHANAN BOEHM

CHRISTIAN BLACKSHAW, Piano recital, (Tel Aviv Museum, September 22). Beethoven: Sonata in D Major Op.18, No.3; Brahms: Ballade in G Minor, Op.118, No.3; Intermezzo in E flat Major, Op.117, No.1; Carriccio in B Minor, Op.76, No.2; Intermezzo in E flat Minor, Op.118, No.6; Rhapsody in E flat Major Op.119, No.4; Schumann: Fantasy in C Major, Op.17.

IN VIEW of the empty virtuosity and musical ignorance that exists in the world, Christian Blackshaw seems to be a unique phenomenon. Not that we blindly agree to all he does. But even when we disagree, we must respect his musical honesty and complete dedication to music. He is a great romanticist, with romantic feeling inspiring everything he does. Not all material, however, merits such an approach. Beethoven's *Presto, Menuetto* and *Rondo* were all much too light. The slow movement, on the other hand, revealed such a wealth of sentiments, and moods and feelings that, though slightly dragged, it was absolutely admirable. Through the lingering on every phrase and chord, the movement's dark and gloomy colour was expertly brought out. Brahms seemed to fit Blackshaw's poetic nature. All the five pieces were in the right mood and were played with flowing musicality, charm, warmth and beauty of phrase. Harmonic shifting was particularly emphasized. A slight tendency to drag and a certain lack of rhythmic verve and pulsating beat could hardly harm the excelence of the performance.

In Shumann, Blackshaw fully achieved the romantic ideal. With his deeply resonant and rich tone, the huge *Fantasy* emerged, as it should, as a masterpiece. How he held it all together seemed a miracle. And in Liszt's *Petrarca Sonett*, Blackshow took us into a world of wonder and philosophical introspection.

BENJAMIN BAR-AM

GEORGE SINGER, the Israel conductor who died a year ago, will be honoured in a special concert presented by the Israel Chamber Orchestra on October 4 at the Tel Aviv Museum. Two of his compositions, the *Sinfonietta* and the *Romanze for Viola and Orchestra* (Yuval Kaminkovsky), will be included in the programme to be conducted by Arieh Levanon. The Adagio by Albinoni and Offenbach's short opera *Les Mariage aux lanternes*, with Bibiana Goldenthal, Robin Weisel-Capsouto, Marina Lovitt and Benny Shalem, will round out the programme. *Y.B.*

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Leumi and Hapoalim neck and neck

By MACABEE DEAN
Jerusalem Post Reporter

TEL AVIV. — Bank Leumi and Bank Hapoalim are continuing to fight it out for first place in the nation's banking system. The latest results, for the year ending June 30, 1981, show that Leumi is ahead in ordinary operating profits (after tax), while Hapoalim is ahead in net profits after tax, according to figures just published by Bank Leumi.

(In all the figures listed below, it must be remembered that the cost-of-living index rose by 121 per cent in the 12-month period until June 30, 1981, and by 44 per cent in the six-month period ending on the same date.)

The ordinary operating profit (after tax) of Leumi rose by 130 per cent, to stand at IS477m. in this 12-month period, while that of Hapoalim rose by 127 per cent, to stand at IS427m. But the net profit of Leumi rose by 121 per cent, to IS462m., while that of Hapoalim rose by 126 per cent, to stand at IS428O.

Thus, although Leumi managed to keep up with the index, Hapoalim passed it by five points. However, Leumi explains this by stating that it is due to "deductions for extra-ordinary non-recurring expenditures, such as writing off goodwill as a result of the purchase of banks both here and abroad."

(A spokesman for Leumi noted that the purchase of these banks laid the foundations for Leumi's continued expansion.)

Another interesting figure is that of Bank Discount. Its ordinary after tax profits only grew by 78 per cent in the 12 months ending June 30, 1981, and its net profits after tax by 113 per cent. Thus, in both cases, Discount did not keep up with the index.

However, if the first six months of this year are compared with the entire year of 1980, a different picture emerges.

Leumi's ordinary operating profits after tax grew in these six months (compared to all of 1980) by 91.7 per cent; those of Hapoalim by 67.5 per cent, while Discount passed Hapoalim and stood at 79 per cent.

As for net profits, Discount led with 96.9 per cent, followed by Leumi with 88 per cent and Hapoalim with 66.9 per cent.

The balance shset of Leumi showed an increase of 158 per cent in these 12 months, standing at IS213,700m. (or $18,300m., or an increase of 9.6 per cent in dollars.)

In the same 12 months, the balance sheet of Hapoalim rose by 166 per cent, to stand at IS189,-300m., while that of Discount rose by 158 per cent (the same as Leumi), to stand at IS105,000m.

As for deposits in these 12 months, they grew by 164 per cent at Leumi, to IS151,900m., compared with a growth of 184 per cent at Hapoalim, to IS93,700m. At Discount deposits grew by 171 per cent, to stand at IS75,100m.

Again, the growth for the first six months of 1981 shows a different figure. Discount grew by 71 per cent, Leumi by 56 per cent, and Hapoalim by 46 per cent.

And during these 12 months, net profit per share, fully diluted rose by 96 per cent at Leumi, 104 per cent at Hapoalim, and by 74 per cent at Discount.

Leumi, in summing up its activities, notes that since the beginning of 1981 it has opened nine additional offices and branches, including three in Israel, a representative office in Mexico City, a branch of Bank Leumi Trust company of New York which was opened in Long Island, and four branches in France.

In addition, Unico Mortgage Bank has been acquired and is being integrated into the mortgage finance section of the group, a Canadian banking subsidiary is in an advanced stage of being established, as well as a branch network in California.

The total number of outlets of the group here and abroad reached 442 at the end of this June.

Leumi now has some 350,000 shareholders, compared to 300,000 a year ago. The overall yield during 1980 for an investor in the bank's shares was 220 per cent; for the first six months of 1981 it was 85.4 per cent.

(These latter two figures should be compared with the cost-of-living index hikes in these two periods.)

Avner Perez, general manager of the Pereg metal works, was yesterday unanimously elected chairman of the Jerusalem branch of the Manufacturers Association. The Jerusalem city council member takes over from Dr. Alex Rafaeli.

New protectionist policy

Patt restricts imports

By SHLOMO MAOZ
Post Economic Reporter

The Ministry of Industry and Trade will impose restrictions on the import of products that compete with those locally made, Minister Gideon Patt told a press conference here yesterday. The restrictions are to be applied first of all to countries with which Israel has no trade agreements.

Patt said that, as an example of the new policy, he is delaying giving an additional import licence for refrigerators from Singapore, although the appliances are already in Eilat port. The Crystal firm has already brought in 3,000 refrigerators and another 400 are in Eilat awaiting clearance.

Another product to be restricted is cotton thread from Brazil which Patt said is being dumped in foreign markets at a price less than the cost of the cotton used to make the thread. "We will not be a Garden of Eden for other countries," he said.

Speaking to representatives of the Manufacturers Association and to economic reporters, Patt said that Israel cannot afford to be indifferent to "dumping" by other countries and must protect its own industry and work force.

As part of the new protectionist policy, the ministry has set up a $20 million fund to encourage the marketing of Israeli products abroad, primarily in the U.S., South America and Asia. Patt said the aid is intended to help local industry out of the slump caused by European currency fluctuations and will be made available for a lengthy period.

Union Bank pre-tax profit up 110% for half-year

By JOSEPH MORGENSTERN
Post Financial Reporter

Union Bank, which together with Bank Leumi finances the major part of the Israeli diamond industry, has reported its semi-annual results for the period ending June 30, 1981.

The balance sheet total stood at IS18.5 billion, an increase of nearly 150 per cent over the preceding year.

The bank's pre-tax profits reached IS112m., 110 per cent higher than the year before.

Deposits grew noticeably and advanced from IS4.5b. to IS12.7b., a growth of 184 per cent, for the year.

The bank's capital means advanced from IS110m. to IS324m. At the end of June the bank was able to raise some IS85.6m. on the Tel Aviv Stock Exchange.

The after-tax profit stood at IS38.4m., compared with IS18.9m. a year earlier, a gain of about 103 per cent.

The bank management points out that while there is a slowdown in the diamond industry the bank has "adequate reserves" for any contingencies.

The Post has learned that diamond merchant Leo Ziegman, who left the country earlier this year and allegedly owed up to $70m., was not one of the bank's clients as a direct result of a management decision.

El Al and CAL make deal on flying agricultural exports

By YIZHAK OKED

TEL AVIV. — Officials of the agriculture ministry on Friday managed to get El Al and CAL to reach agreement on the shipping of agricultural exports.

The agreement ends a current battle between the two airlines, but leaves open the future of the airshipping of agricultural exports.

The director-general of the agriculture ministry, Meir Ben-Meir, told *The Post* that CAL during the 1981-82 export season will continue to carry agricultural produce. It will do so by chartering El Al jumbo Boeing 747s and using cargo space on regular El Al flights. Ben-Meir said that a technical team is now working out the final details regarding rates and logistics.

Tzafrir Nelkin, the general manager of CAL, told *The Post* that the cargo rates will be more or less those paid a year ago. A special committee will start work soon on a long-term agreement.

Three alternatives are under study. One is to liquidate CAL, the cargo airline owned and operated by the farmers.

Another is to give CAL an operators licence and to allow it to charter planes from other companies, and not only from El Al.

The third option is to follow the proposal put forward by the ministries of finance, transport and agriculture a year ago. The proposal was to form a national cargo airline, operated in equal shares by CAL and El Al.

According to Friday's agreement CAL will be allowed to carry non-agricultural cargo from Europe on its return flights.

Corfu to push for charters at Atarot

Jerusalem Post Reporter

BEN-GURION AIRPORT. — The Transport Ministry will use "all its means" to turn the Atarot airport north of Jerusalem into a base for charter flights, Transport Minister Haim Corfu said here last week. But senior aviation sources said the plan had little chance of success.

Corfu was addressing reporters during a visit to Ben-Gurion airport, where he was briefed on plans to improve facilities to allow the airport to handle five million passengers a year, compared with the present three million.

The minister reported that two foreign companies, which he declined to identify, had refused to fly to Atarot, but added he believed they were not adamant and if we persist, and if Israeli companies fly from there, "they will do so too."

The government intends to extend the 1960-metre runway in Atarot by 600 metres to accommodate heavier planes, Corfu said.

A well-placed source in the Airport Authority puts the figure at 1,000 metres.

At present, only UN planes fly abroad from Atarot. No foreign government has agreed to use it because it is in the area occupied by Israel in 1967. "They tell us to bring a letter from (Jordan's King) Hussein," saying he agrees to those flights, one aviation source said.

The Jerusalem municipality is also opposed to Corfu's plan. A spokesman said yesterday that it feared serious ecological hazards and that Ben-Gurion airport was close enough to the capital.

South Africa gives coal purchase credit

Post Economic Reporter

The South African government has given Israel credit to purchase IS185 million worth of coal, in keeping with a commitment made last year. The entire amount will utilized by Israel's National Coal Supply Corporation.

The credit will cover all of Israel's coal purchases from South Africa from this past August to January 1982, a total of about 460,-000 tons.

NII payments, benefits, go up next month

Post Economic Reporter

The maximum an employee will have to pay to the National Insurance Institute each month will go up to IS1,094 in October, with the adjustment of the average salary scale used by the NII to calculate the payments.

Employees pay 4.6 per cent of their salary to the NII up to a ceiling of three times the average salary in Israel. The NII calculates that the average salary will reach IS8,000 next month, so the ceiling will rise to IS24,000. The current ceiling is IS16,200, and the maximum monthly payment IS745.

The allowances paid by the NII will rise 25 per cent next month. Old age and survivors allowances will be IS1,280 per person. An elderly couple will receive IS1,920 per month.

Maternity benefits and work accident compensation will go up by 11.5 per cent, the extent of the Cost-of-Living increment to be paid in October. The minimum compensation for reserve duty service will be IS105.50 a day, and the maximum IS800 a day.

TV and RADIO Listings, etc.
usually found on this page, are in today's Magazine:
TV, Radio p. 35
What's On p. 34
General Assistance p. 34
Cinemas p. 34
HALU'AH HE'ADIF
is on pp. 30-34.

RELIGIOUS SERVICES

Rosh Hashana	Begins (Mon.)	Ends (Wed.)
Jerusalem	4.52 p.m.	6.02 p.m.
Tel Aviv	5.11 p.m.	6.00 p.m.
Haifa	6.02 p.m.	6.03 p.m.

Yeshurun Central Synagogue, 44 King George. Tonight, Minha 5.20 p.m., Arvit 5.50 p.m. Tuesday, Shaharit 7.20 a.m. Minha 5.10. Arvit 5.50 p.m. Wednesday, Shaharit 7.20 a.m. Minha 5.10, Arvit 6.00 p.m.

Hechal Shlomo. Tonight, Minha 5.30 p.m. Ma'ariv 5.50 p.m. Tuesday, Shaharit 7 a.m. Minha 5 p.m. Ma'ariv 5.50 p.m. Wednesday, Shaharit 7 a.m. Minha 5.10 p.m. Ma'ariv 6 p.m. Cantor Naftali Herstik and choir.

World Council of Synagogues (Conservative), 4 Rehov Agron. Tonight Minha 5.10 p.m. Tuesday and Wednesday, Shaharit 8.00 a.m. Minha 5.10 p.m.

Hebrew Union College — Jewish Institute of Religion, 13 King David Street. Tonight 6 p.m. Tuesday, Shaharit 10 a.m.

Har-El Synagogue (Progressive), 16 Shmuel Hanagid Street. Tel. 02-223841. Monday, Sept. 28 — 5.30 p.m.: Erev Rosh Hashana. Tuesday, Sept. 29 — 9.30 a.m.: Shaharit; 5.30 p.m.: Ma'ariv. Wednesday, Sept. 30 — 9.30 a.m. Second day Rosh Hashana. Traditional prayers, music and study on theme: "Man in Relation to Himself and his Surroundings." Rabbi Tovia Ben-Chorin.

TEL AVIV

Great Synagogue, Tel Aviv, 110 Allenby Rd. Rosh Hashana: Ma'ariv 6 p.m. Shaharit 7. Cantor Menahem Ne'eman, accompanied by choir directed by Menashe Levran. Sermon by Chief Rabbi of Tel Aviv-Yafo before Tekiyat Shofar, 10.30 a.m. Airconditioned hall.

TWO-IN-ONE CROSSWORD

Use the same diagram for either the Cryptic or the Easy puzzle

CRYPTIC PUZZLE

ACROSS

4 A handy greeting (6)
7 Battle colours (8)
8 Regard for people one possibly meets on the way? (6)
10 Old-fashioned transportation used in the Andes (5)
13 The location it's in (4)
14 It's from the heart, we're told (4)
15 Vietnamese volcano? (4)
16 A United Kingdom flier (3)
17 Peter the dependable (4)
19 Roughly speaking, order a tool (4)
21 Where a stronghold has value (4, 5)
23 Like a chap on the tee, placing his ball (4)
24 Passes money to a spy, perhaps (4)
26 Modern ways (3)
27 It's not cold in the attic (4)
29 Bleating females (4)
32 Go and change (4)
33 A pint in a spray-gun? (5)
34 Character of a rig, possibly (6)
35 Couture period of interest to riders (8)
36 Ate at the pub, as is natural (6)

DOWN

1 Sound smart? (5)
2 She gives an article to a boy (5)
3 Give notice of trouble on the way (4)
4 Song of a mug (5)
5 Dead teal, perhaps (4)
6 In a striking position (4, 2)
9 Like a mostly black sky (6)
11 A swimmer hard to get hold of (3)
12 Bad lighting and heating! (5)
13 Form of wasp net in the kitchen (7)
15 Creature in a cleft stick (3)
16 Greyish wood? (3)
18 English actor (6)
20 Where sailors are in trouble? (2, 3)
21 Not many are upset when I leave the wife (3)
22 A singular porridge ingredient (3)
23 It's good to start beginning afresh (6)
25 Yearning for the North (3)
28 Have a bad effect on a royal poem (5)
30 Where a wing breaks (5)
31 Sapphire's metallic associate? (5)
32 So long, and thanks again (2-2)
33 Send with haste? (4)

EASY PUZZLE

ACROSS

4 Powerful (6)
7 Come together (8)
8 State (6)
10 Meat (5)
13 Bargain (4)
14 Conflagration (4)
15 Performs (4)
16 Target (3)
17 Pleasant (4)
19 Seaweed (4)
21 Basic (9)
23 Female rabbits (4)
24 Canvas shelter (4)
26 Cyst (3)
27 Spent (4)
29 Listening organs (4)
32 Give on loan (4)
33 Metal brick (5)
34 Perplex (6)
35 Correcting (8)
36 Dart (6)

DOWN

1 Deride (5)
2 Beneath (5)
3 Network (4)
4 Intended (5)
5 Pant (4)
6 Root vegetable (6)
9 Small songbird (6)
11 Impudence (3)
12 Intelligence (5)
13 Perfumed (7)
15 Expert (3)
16 Everything (3)
18 Publishes (6)
20 Devoured
21 Age (3)
22 Spread hay
23 Beat (6)
25 In favour of
28 Tell-tale (5)
30 Once more
31 Platform (5)
32 Entice (4)
33 Hostelries

Yesterday's Cryptic Solution

ACROSS. — 1, Batter. 7, Overture. 8, Lira. 10, Prop-ER. 11, Twelve. 14, Lop. 16, Sleet. 17, Read. 19, Ha-re-m. 21, PO-red. 22, Fad-Ed. 23, Wash. 26, Satin. 28, DI-N. 29, Pri-N-ce. 30, Punter. 31, Eggs. 32, Speakers. 33, Turkey.

DOWN. — 1, Bumper. 2, Tripod. 3, Roar. 4, Browsed. 5, Bugle (Call Rag). 6, Reset. 8, L-O-la. 9, Rep. 12, Elm. 13, Vests. 15, Fares. 18, Elgar. 19, Hod. 20, Red. 21, Pancake (race). 22, Fin. 23, Winger. 24, Ants. 25, Hardly. 26, Spas-M. 27, Tired. 28, Dug. 30, Pest.

Yesterday's Easy Solution

ACROSS. — 1, Tea-cup. 7, Reducing. 8, Alto. 10, Cabled. 11, Silage. 14, Lee. 16, Oiled. 17, Shed. 19, Aloud. 21, Grips. 22, Sheet. 23, Bred. 26, Spree. 28, Baa. 29, Ushers. 30, Sorrow. 31, Lore. 32, Tangible. 33, Deduce.

DOWN. — 1, Trucks. 2, Called. 3, Prod. 4, Dubious. 5, Sisal. 6, Egged. 8, Able. 9, Tee. 12, Lid. 13, Geese. 15, Flies. 18, Heaps. 19, Are. 20, Opt. 21, Gherkin. 22, Sec. 23, Barred. 24, Rare. 25, Dawdle. 26, Suits. 27, Rhine. 28, Boo. 30, Sled.

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هكذا من الأصل

YUGOSLAV HIJACKERS

(Continued from Page One)

...vic. The plane landed in Athens ...r fuel and in the meantime Israeli authorities refused permission to land in Tel Aviv. The jetliner flew into Larnaca at 5:41 local time.

Reports from Cyprus said the passengers did not panic and the soccer players helped stage a mock fire alarm aboard the plane as airport officials began negotiations with the hijackers.

The false alarm spread confusion and most of the passengers made their way off the plane. The crew stayed behind along with Petar Jumovic, a Buducnost soccer player, and minutes later used a similar trick to escape from the plane, Tanjug said.

The hijackers surrendered to Cyprus authorities at about 8.40 local time.

Jerusalem Post reporter Joshua Brilliant adds:

The hijackers contacted the Ben-Gurion control tower at about 4.30 a.m. when they were some 60 kilometres from the coast. Their request for permission to land was refused and an emergency was declared at 4.45 a.m.

Army and Border Police units arrived in jeeps and command cars and ambulances sped to the airport.

The hijack alarm did not affect any flights as none had been scheduled for that early hour. Security forces remained on alert until the hijackers surrendered.

TEHERAN FIGHTING

(Continued from Page One)

...ilitary stores in the dethroning of the Shah.

The increased firepower of the Mujahedin signals a step-up in their campaign to topple Khomeini's ...

Teheran residents reported seeing black smoke over a number of neighbourhoods. One said a gas station had been blown up and an undetermined number of buildings set ablaze.

Residents said the clashes started at Teheran University and spread quickly to the downtown area, about three quarters of a kilometre away.

The favourite in Friday's election, Khomeini-backed Hojatolislam Ali Khamenei, running to fill the office of former president Mohammad Ali Rajai who was killed August 30, along with his prime minister, in an explosion blamed on the Mujahedin.

The government accuses the Mujahedin of killing hundreds of Khomeini's backers in assassination attacks over the past 12 weeks. In its crackdown, the government has conducted wholesale executions that numbered 839 by yesterday, according to a compilation of dispatches taken from government broadcasts.

Meanwhile, Iranian authorities reported that the nation's forces had scored the "greatest victory" of the more than one-year-old war with Iraq and taken 1,500 Iraqi prisoners in a one-day battle.

FALASHA STORY

(Continued from Page One)

Jerusalem Post that "there is no truth in it."

Jewish Agency sources said the Jewish activist who authored the *Globe and Mail* story, Simcha Jakobovici, had earlier offered it to *The New York Times* — and had been turned down.

Meanwhile, in Tel Aviv, a leader of the Falasha Association in Israel accused the Israeli government of neglecting Jews in Ethiopia.

Zacharia Bogale, secretary of the Falasha, said the government was doing nothing to alleviate the plight of Ethiopia's estimated 28,000 Jews who, he said, were suffering under Colonel Mengistu's regime.

"The government knows our brothers are in danger of being wiped out," Bogale said.

CLASSIFIEDS

WEEKDAY RATES: Minimum charge of IS107.20 for eight words; IS13.40 for each additional word. FRIDAY AND HOLIDAY EVE RATES: Minimum charge of IS125.60 for eight words; IS15.70 for each additional word. All rates include VAT.
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Shares jumbled at year's end

Tel Aviv Stock Exchange

By JOSEPH MORGENSTERN

TEL AVIV. — It was the last trading session of the Jewish calendar year and the share market put on a wild-and-woolly performance yesterday.

Big price swings were visible in nearly all sectors of trading. The trend, for the greater part, was for lower prices. Ten issues were registered as "sellers only," while no fewer than 50 securities traded with a price fluctuation of 5-10 per cent, mostly on the downside.

The Alaska-Sportlife issue debuted yesterday. For those investors who were able to get "a piece of the action" it was good news, as the IS1 shares were up by 34 *per cent over their issue price*, and the IS5 stock was up by 48 per cent.

Bank Leumi shares did not trade in the wake of the bank's announcing a favourable semi-annual report. The rumours circulating before the announcement, that the balance sheet and the profit-and-loss statement would not show a real gain, were quickly dispelled.

The competition for the public's attention on the part of the big banks continued, as Bank Hapoalim tried to steal the show from Bank Leumi. The Hapoalim ordinary shares soared by 90 points, just under 5 per cent. The demand for the shares reached IS8.9m. nominal value, and as a result more than IS133m. worth of Hapoalim shares were traded.

Union Bank, whose semi-annual statement was announced late last week, advanced by 3 points.

Carmel, with a 9.6 per cent loss, led a down-moving mortgage group.

Aryeh, among insurance equities, was down by 9.7 per cent.

Arledan 0.5, among land development and real estate shares, picked up 10 per cent, while the attendant option was up by 12.7 per cent.

Among industrials Elco 0.25 was clipped for a 10 per cent loss, but Galil Industries was up by more than 9 per cent. Rim 0.4 was rudely dumped for a 14.7 per cent drop.

Unico (B) jumped by 14.6 per cent in an otherwise mixed investment group.

	Closing price	Volume IS1,000	Change	Change in %
Commercial Banks & Bankholding				
IDB prf	13040.0	1.1	+200.0	+1.6
IDB r	1956.0	1,897.7	n.c.	—
IDB B r	1956.0	5.0	n.c.	—
IDB prf A	3430.0	3.3	n.c.	—
IDB op 5	3340.0	3.3	n.c.	—
IDB op 6	2685.0	25.5	n.c.	—
IDB op 7	2740.0	36.2	—15.0	—.5
IDB op 8	2595.0	31.7	—5.0	—.2
IDB op 9	1645.0	67.5	—30.0	—1.8
IDB op 10	1575.0	16.5	—15.0	—
Union r	1418.0	180.2	+3.0	—
Union op r	5900.0	2.3	+100.0	—
Union op 3 r	2820.0	13.3	n.c.	—
Union op 4 r	1380.0	9.0	n.c.	—
Union op 6	2180.0	18.8	+5.0	+.2
Union op 7	1102.0	21.2	n.c.	—
Union sc5 r	805.0	4.4	n.c.	—
Discount r	2424.0	7.4	+2.0	+.1
Discount A r	2424.0	10.0	+2.0	+.1
Discount A sc r	1874.0	10.4	n.c.	—
Mizrahi r	981.0	762.3	+5.0	+.5
Mizrahi b	981.0	193.4	+5.0	+.5
Mizrahi op 2 r	7560.0	.5	n.c.	—
Mizrahi op 3	3010.0	10.4	n.c.	—
Mizrahi op 8	1495.0	102.4	n.c.	—
Mizrahi sc 4 r	2225.0	3.0	+10.0	+.5
Mizrahi sc 5 r	1880.0	4.6	+15.0	+.8
Mizrahi sc 6 r	1550.0	2.2	n.c.	—
Mizrahi sc 7 r	1300.0	14.8	n.c.	—
Maritime 0.1 r	1205.0	342.0	+8.0	+.7
Maritime 0.5 r	1175.0	13.9	n.c.	—
Hapoalim prf b	2050.0	7.7	+20.0	+1.0
Hapoalim r	1966.0	5,951.5	+90.0	+4.8
Hapoalim 50% div	1960.0	642.3	+90.0	+4.8
Hapoalim b	1966.0	191.1	+90.0	+4.8
Hapoalim op 4 r	6570.0	1.0	n.c.	—
Hapoalim op 5 r	5455.0	3.8	n.c.	—
Hapoalim op 7 r	3190.0	64.5	n.c.	—
Hapoalim op 11	1410.0	67.7	n.c.	—
Hapoalim op 12	1295.0	42.1	n.c.	—
Hapoalim sc 6 r	2080.0	46.1	n.c.	—
Hapoalim sc 8 r	1420.0	31.6	n.c.	—
General A	2018.0	22.5	+8.0	+.4
General op 6	2010.0	5.1	+20.0	+1.0
General sc 4 r	1390.0	2.2	n.c.	—
General sc 5 r	328.0	32.9	n.c.	—
Leumi	—	—	—	—
Leumi op 2 r	—	—	—	—
Leumi op 4 r	—	—	—	—
Leumi op 10	—	—	—	—
Leumi op 12	—	—	—	—
Leumi sc 8 r	—	—	—	—
Leumi sc 9 r	—	—	—	—
Leumi sc 11	—	—	—	—
OHH r	—	—	—	—
OHH b	—	—	—	—
Danot 1.0	360.0	98.6	—14.0	—3.7
Danot 5.0	221.0	233.2	n.c.	—
Danot op 1	184.5	261.2	+4.5	+2.5
Danot op 2	105.0	257.7	+1.0	+1.0
FIBI sc 1 r	1921.0	40.7	n.c.	—
FIBI r	947.0	532.0	+5.0	+.5
Mortgage Banks				
Gen Mtge r	890.0	249.6	—25.0	—2.7
Gen Mtge b	890.0	150.0	—40.0	—4.3
Gen Mtge op 114	5250.0	.3	—100.0	—1.9
Gen Mtge op 117	1280.0	.6	n.c.	—
Gen Mtge 129	1380.0	100.9	—50.0	—3.5
Gen Mtge db 116	725.0	—	—	—
Carmel r	650.0	209.0	—35.0	—5.1
Carmel b	615.0	3.1	—65.0	—9.6
Carmel op A	735.0	11.8	—40.0	—5.2
Carmel op B	525.0	2.1	n.c.	—
Carmel db 10	416.0	12.7	—20.0	—4.6
Binyan r	380.0	61.5	+1.0	+.3
Dev & Mtge r	445.0	5.7	n.c.	—
Dev & Mtge b	460.0	2.4	n.c.	—
Dev & Mtge op 88	1360.0	.5	—25.0	—1.8
Dev & Mtge op 95	540.0	.8	—15.0	—2.7
Dev & Mtge op 94	377.0	—	—	—
Mishkan r	1245.0	318.6	n.c.	—
Mishkan b	1256.0	20.5	+10.0	+.8
Mishkan op 2	2910.0	.9	n.c.	—
Mishkan op 3	1515.0	13.5	+25.0	+1.7
Independence	—	—	—	—
Tefahot prf r	1150.0	5.8	—30.0	—2.5
Tefahot prf b	1125.0	2.5	—18.0	—1.6
Tefahot r	1060.0	15.7	—14.0	—1.3
Tefahot b	1085.0	6.6	—5.0	—.5
Merav r	941.0	—	—49.0	—5.0
Merav op	3150.0	4.3	n.c.	—
Merav op 2	1570.0	1.0	n.c.	—

	Closing price	Volume IS1,000	Change	Change in %
Financing Institutions				
Shilton r	108.0	216.3	n.c.	—
Shilton b	230.0	—	+5.0	+2.2
Shilton op A r	160.0	20.7	—15.0	—8.6
Shilton op B	265.0	11.1	—10.0	—3.6
Shilton op 5	95.5	55.7	—1.0	—1.0
Shilton op 6	88.0	41.4	+.5	+.6
Shilton sc 1	137.0	3.0	+2.0	+1.5
Shilton sc 2	155.0	1.5	n.c.	—
Otz. Lataasiya r	740.0	268.3	—25.0	—3.3
Otz. Lataasiya d	740.0	147.0	—25.0	—3.3
Otz. Lataasiya op 1	1130.0	4.5	—50.0	—4.2
Ampal r	—	—	—	—
Agriculture prf A	1600.0	4.0	n.c.	—
Ind Dev prf r	860.0	2.3	—8.0	—.9
Clal lease 0.1 r	380.0	32.5	n.c.	—
Clal Lease 0.5 r	313.0	24.3	—20.0	—6.0
Clal Lease op	587.0	5.4	n.c.	—
Insurance				
Aryeh r	465.0	146.2	—50.0	—9.7
Aryeh op r	4630.0	.2	n.c.	—
Aryeh sc	390.0	7.6	n.c.	—
Ararat 0.1 r	2330.0	5.8	+130.0	+5.9
Ararat 0.5 r	910.0	26.8	—80.0	—8.1
Reinsurance 0.1 r	d900.0	7.2	—80.0	—8.2
Reinsurance 0.5 r	d385.0	161.0	+3.0	+.8
Hassneh r	409.0	193.7	n.c.	—
Hassneh nd 80	411.0	75.7	+13.0	+3.3
Hassneh b	705.0	6.5	n.c.	—
Hassneh op	—	—	—	—
Hassneh op 2	—	—	—	—
Phoenix 0.1 r	—	—	—	—
Phoenix 0.5 r	352.0	s.o.	—18.0	—4.9
Yardenia 0.1 r	249.0	11.3	n.c.	—
Yardenia 0.5 r	—	—	—	—
Sahar r	—	—	—	—
Sahar b	—	—	—	—
Sahar op 1	705.0	22.0	n.c.	—
Securitas r	740.0	9.7	—70.0	—8.6
Securitas op 2	395.0	19.2	—15.0	—3.7
Zur r	395.0	3.4	—15.0	—3.7
Zur b	261.0	11.7	n.c.	—
Commercial Services & Utilities				
Delek r	598.0	180.7	—25.0	—4.0
Delek b	592.0	6.8	—50.0	—7.8
Delek db 2	1600.0	—	—100.0	—5.9
Harel	341.0	193.6	+25.0	+7.9
Harel op 1	253.0	294.8	+24.0	+10.5
Cold Store 0.1 r	—	—	—	—
Cold Store 1.0 r	2590.0	.8	—280.0	—9.8
Cold Store db 2 r	4410.0	.8	n.c.	—
Isr Electric r	1310.0	2.5	+30.0	+2.3
Lighterage 0.1 r	—	—	—	—
Lighterage 0.5 r	5900.0	15.2	+300.0	+5.4
Lighterage op 2	8840.0	.2	+840.0	+10.5
Lighterage db 1	2765.0	1.0	—145.0	—5.0
Magor	695.0	16.2	n.c.	—
Rapac 0.1 r	577.0	14.3	+20.0	+3.6
Rapac 0.5 r	310.0	48.0	+9.0	+3.0
Supersol A	992.0	22.9	+12.0	+1.2
Supersol B	960.0	20.6	n.c.	—
Supersol op 1	1080.0	24.7	—50.0	—4.4
Land Development Building, Citrus				
Azorim r	612.0	112.0	+7.0	+1.2
Azorim op A	2278.0	.4	+50.0	+2.2
Azorim op B r	1165.0	6.4	n.c.	—
Azorim op C	471.0	30.2	—2.0	—.4
Azorim db 1	524.0	15.2	—40.0	—7.1
Africa Isr 0.1 r	d4800.0	2.5	—310.0	—6.1
Africa Isr 1.0 r	d1944.0	2.8	n.c.	—
Africa op 1	2440.0	3.7	—6.0	—.3
Arledan 0.1	414.0	44.3	n.c.	—
Arledan 0.5	170.5	91.3	+15.5	+10.0
Arledan op. A	138.0	71.7	+15.5	+12.7
Darad	350.0	48.4	+27.0	+8.4
Darad op. 1	487.0	6.9	n.c.	—
ILDC r	1995.0	23.4	—66.0	—3.2
ILDC b	1970.0	10.1	+44.0	+2.3
ILDC op A r	9700.0	.2	—100.0	—1.0
ILDC op B r	3800.0	2.7	—250.0	—6.2
ILDC op 5	1800.0	2.4	—35.0	—1.9
ILDC db 3 r	2280.0	6.9	—120.0	—5.0
ILDC db 4 r	c2680.0	1.3	—40.0	—1.5
HLB Realty 0.1 r	410.0	82.8	+10.0	+2.5
HLB Realty 0.5 r	239.0	159.0	+5.0	+2.1
HLB Realty op	155.5	81.8	n.c.	—
Solel Boneh prf A	—	—	—	—
Solel Boneh prf A	—	—	—	—
Model Beton	1060.0	36.1	n.c.	—
Model Beton op 1	850.0	25.6	n.c.	—
Prop & Bldg r	1335.0	133.8	—15.0	—1.1
Prop & Bldg op A	4900.0	.9	+100.0	+2.1
Prop & Bldg op B	2410.0	8.8	—100.0	—4.0
Prop & Bldg db 5	1995.0	—	—	—

	Closing price	Volume IS1,000	Change	Change in %
Bayside 0.1 r	990.0	32.4	—10.0	—1.0
Bayside 0.5 r	880.0	28.6	—10.0	—1.1
Bayside op	910.0	4.0	+10.0	+1.1
Ispro r	678.0	202.3	n.c.	—
Isras r	4675.0	17.4	n.c.	—
Mehadrin r	2460.0	5.4	n.c.	—
ICP r	1950.0	1.3	+40.0	+2.1
Neot Aviv 4	1186.0	2.6	+56.0	+5.0
Pri Or r	2130.0	2.2	n.c.	—
Caesarea r	572.0	50.3	—48.0	—7.7
Caesarea 0.5	286.0	38.7	+8.0	+2.9
Caesarea op 1	225.0	37.9	+9.0	+4.2
Rassco prf r	2800.0	6.7	—50.0	—1.8
Rassco r	3050.0	1.5	—40.0	—1.3
Industrials				
Ordan 0.1 r	360.0	29.9	n.c.	—
Ordan 0.5 r	360.0	14.8	n.c.	—
Ordan op 2 r	289.0	7.2	—21.0	—6.8
Elbit 0.8 r	1350.0	12.7	—40.0	—2.9
Alliance r	—	—	—	—
Elco 0.1 r	1700.0	1.6	—5.0	—.3
Elco 0.25 r	396.0	33.6	—44.0	—10.0
Elco 0.25 b	450.0	14.2	—1.0	—.2
Elco op A	1900.0	1.1	—100.0	—5.0
Elco db 1	752.0	1.0	—50.0	—6.2
Electra 0.1 r	1998.0	2.8	—1.0	—.1
Electra 0.5 r	870.0	38.2	n.c.	—
Electra db 2	695.0	4.7	—45.0	—6.1
Elron 3	2990.0	19.0	—100.0	—3.2
Elron op A	4020.0	4.1	+21.0	+.5
Argaman prf r	d630.0	9.5	—31.0	—4.7
Argaman prf b	d683.0	.6	+3.0	+.4
Argaman r	d590.0	38.3	—47.0	—7.4
Argaman b	d600.0	12.2	—37.0	—5.8
Ata B r	255.0	11.5	+5.0	+2.0
Ata C r	132.0	266.7	+3.0	+2.3
Ata op 3 r	250.0	6.9	n.c.	—
Ata db 2 r	193.0	4.0	—2.5	—1.3
Tadir Beton 1	405.0	50.3	—35.0	—8.0
Tadir Beton 5	300.0	86.2	—10.0	—3.2
Tadir op 1	200.0	45.8	+10.0	+5.3
Dubek prf r	1350.0	17.6	+25.0	+1.9
Dubek prf b	1340.0	11.0	n.c.	—
Fertilizers r 0.1	301.0	27.2	—4.0	—1.3
Fertilizers 0.5	211.0	13.2	+5.0	+2.4
Cables r	590.0	16.2	+4.0	+.7
Cables b	567.0	7.0	n.c.	—
Hatehof 1	499.0	128.2	—22.0	—4.2
Hatehof 5	272.0	41.1	—8.0	—2.9
Hatehof op	200.0	17.8	—20.0	—9.1
HaifaChem r	779.0	s.o.	—41.0	—5.0
HaifaChem db 1	1064.0	s.o.	—56.0	—5.0
Teva r	1250.0	52.9	n.c.	—
Teva b	1500.0	2.0	—5.0	—.3
Teva db 3	5520.0	1.7	+20.0	+.4
Yomar 1.0	486.0	30.3	n.c.	—
Yomar 5.0	546.0	56.2	n.c.	—
Zion Cables 1.0	426.0	29.6	n.c.	—
Zion Cables 5.0	291.0	88.5	+1.0	+.3
Zion Cables op.1	400.0	6.9	+10.0	+2.6
Lodzia 0.1 r	545.0	19.3	—30.0	—5.2
Lodzia 0.4 r	272.0	71.8	n.c.	—
Molett B r	1640.0	4.5	—37.0	—2.2
Galil Ind 1.0	216.0	41.2	+18.0	+9.1
Galil Ind. 3.0	390.0	—	—	—
Galil Ind. op.	99.0	50.8	—4.0	—3.9
Man 1.0	410.0	8.7	—25.0	—5.8
Man 5.0	262.0	12.6	—8.0	—3.0
Phoenicia prf r	—	—	—	—
Dead Sea r	1740.0	19.0	+5.0	+.3
AIPM r	960.0	16.3	—20.0	—2.0
AIPM db 1 r	—	—	—	—
Maquette 0.1	368.0	11.0	—30.0	—7.5
Maquette 0.5	247.0	24.0	—15.0	—5.7
Maquette op A	190.0	46.0	+9.0	+5.0
Asis r	720.0	5.0	n.c.	—
Assis db 1	845.0	.6	—36.0	—4.1
Petrochem db 1 r	145.0	386.7	+8.5	+6.2
Nechushtan b	2750.0	2.6	—205.0	—6.9
Elite r	2370.0	15.6	—30.0	—1.3
Elite 2	—	—	—	—
Elite op 3 r	—	—	—	—
Elite sc 2 r	1740.0	.3	+100.0	+6.1
Arad r	1494.0	3.9	—166.0	—10.0
Polgat 0.1 r	3320.0	3.8	n.c.	—
Polgat 0.4 r	1250.0	26.4	—45.0	—3.5
Polygon r	246.0	35.3	—4.0	—1.6
Polygon op 1	257.0	14.0	—13.0	—4.8
Kalil 1.0	375.0	69.9	n.c.	—
Kalil 5.0	375.0	57.7	n.c.	—
Rim 0.1 r	402.0	s.o.	—21.0	—5.0
Rim 0.4 r	215.0	188.8	—37.0	—14.7
Schoellerina	—	—	—	—
Schoellerina op 1	—	—	—	—
Shemen prf r	—	—	—	—
Taya	393.0	74.1	+20.0	+5.4
Taya op 1	260.0	17.2	—16.0	—5.8

	Closing price	Volume IS1,000	Change	Change in %
Taal B r	280.0	37.7	+5.0	+1.8
Taal B b	410.0	2.0	—5.0	—1.2
Frutarom r	226.0	31.9	—22.0	—8.9
Taro Pharm.	1738.0	45.2	n.c.	—
Investment & Holding Companies				
Unico r	1190.0	33.6	+121.0	+11.3
Unico b	1320.0	23.7	+168.0	+14.6
IDB devel.	993.0	483.4	+1.0	+.1
IDB 2.0 r	560.0	78.1	—2.0	—.8
Elgar r	1333.0	3.4	—120.0	—8.3
Elgar b	1348.0	1.9	—150.0	—10.0
Ellern r	700.0	28.9	n.c.	—
Ellern b	695.0	32.0	—10.0	—1.4
Amissar pref	960.0	8.8	n.c.	—
Amissar opt	1080.0	5.4	n.c.	—
Afik 1.0	270.0	26.0	—6.0	—2.2
Afik 5.0	189.0	19.3	—1.0	—.5
Central Trade r	950.0	20.6	n.c.	—
Inv Paz r	1290.0	26.9	—20.0	—1.5
Inv Paz b	1290.0	6.8	—26.0	—2.0
Wolfson 0.1	6550.0	.5	+50.0	+.8
Wolfson 1.0 r	2180.0	5.5	n.c.	—
Wolfson 1.0 b	2183.0	25.4	n.c.	—
Ampa r	x1535.0	14.5	—40.0	—2.5
Disc Inv r	969.0	133.1	+10.0	+1.0
Disc Inv b	975.0	19.9	n.c.	—
Disc Inv opt b	1440.0	14.3	+70.0	+5.1
Disc Inv opt c	1300.0	.5	n.c.	—
Disc Inv opt d	795.0	6.8	n.c.	—
Disc Inv deb 1354	692.0	3.6	n.c.	—
Hapoalim Inv r	—	—	—	—
Hapoalim Inv b	—	—	—	—
Hapoalim Inv opt 1	—	—	—	—
Leumi Inv	667.0	629.7	—40.0	—5.7
Jordan Explo a r	1774.0	3.0	n.c.	—
Jordan Explo opt	7050.0	.1	+80.0	+1.2
Jordan Explo opt 2	1910.0	1.2	n.c.	—
Mizrahi Inv r	—	—	—	—
Mizrahi Inv b	—	—	—	—
Mizrahi Inv 122	—	—	—	—
Clal Trade	390.0	37.9	—32.0	—7.6
Clal Trade opt A	1210.0	3.5	—5.0	—.4
Clal Trade op B	279.0	40.3	—36.0	—11.4
Clal Trade deb 1	374.0	3.0	—16.0	—4.1
Export Inv r	3400.0	.5	+90.0	+2.7
Export Inv b	3340.0	.1	—60.0	—1.8
Koor prf	—	—	—	—
Clal Re r	—	—	—	—
Clal Re opt a	—	—	—	—
Clal Re deb 1	—	—	—	—
Clal Israel	z700.0	656.2	n.c.	—
Clal Inds opt a	1225.0	6.5	—5.0	—.4
Clal Inds deb 5	1293.0	11.0	+60.0	+4.9
Landeco 0.5	—	—	—	—
Sahar Hold 1.0	—	—	—	—
Sahar Hold 5.0	—	—	—	—
Sahar Hold opt 1	—	—	—	—
Oz Inv b r	z1615.0	s.o.	—85.0	—5.0
Oz Inv deb	485.0	s.o.	—25.0	—4.9
Pama	—	—	—	—
Piryon b	236.0	171.8	—3.0	—1.3
Piryon opt b	202.0	40.8	—18.0	—8.2
Fuel & Exploration				
Oil Explo Paz r	478.0	92.2	+10.0	+2.1
Oil Explo op r	279.0	56.7	n.c.	—
Fedoil r	—	—	—	—
Naphta r	5250.0	2.2	+248.0	+5.0
Lapidot r	—	—	—	—
Lapidot b	—	—	—	—

These stock prices are unofficial.

New listings

	Closing price	Volume IS1,000	Change	Change in %
ILDC no div	1958.0	46.0	—70.0	—3.5
Teva op 2	650.0	5.3	—120.0	—15.6
Teva db 1	881.0	14.0	+2.0	+.2
Teva db 3	113.0	73.7	—2.0	—1.7
Clal Re ri	—	—	—	—
Clal Ind op B	555.0	84.7	n.c.	—
Oz op 1	1455.0	s.o.	—85.0	—5.5
Oz db	z8854.0	s.o.	466.0	—5.0
Pecker Steel 1	—	—	—	—
Pecker Steel op 1	381.0	177.0	—20.0	—5.0

Abbreviations:

s.o.	sellers only	n.c.	no change
b.o.	buyers only	r	registered
d	without dividend	b	bearer
c	without coupon	pref.	preferred
x	without bonus	op.	option
z	without rights	conv.	convertible

Most active stocks

Hapoalim R	1966	5951.5	+90
IDB	1956	1897.7	n.c.
Mizrahi R	981	762.3	+5

Shares traded: IS278.1m.
Convertibles: IS4.0m.
Bonds: IS81.3m.

General Share Index, up 0.1%, to 185.6.

AMERICAN ISRAEL BANK LTD
בנק אמריקאי ישראלי בע"מ

FOREIGN CURRENCY
25.9.81
Friday's foreign exchange rates against the Israel Shekel, for U.S. dollar transactions under $3,000 and transactions of other currencies under the equivalent of $500.

	Selling	Buying
U.S.$	13.3652	13.2348
DM	5.7633	5.7071
Swiss Fr.	6.7913	6.7250
Sterling	23.9337	23.7002
French Fr.	2.4027	2.3792
Dutch Fl.	5.1803	5.1297
Austrian Sh.(10)	8.2488	8.1683
Swedish Kr.	2.3986	2.3752
Danish Kr.	1.8498	1.8318
Norwegian Kr.	2.2567	2.2347
Finnish Mark	3.0061	2.9768
Canadian $	11.1726	11.0636
Rand	14.1163	13.9786
Australian $	15.3453	15.1955
Belgian Fr.(10)	3.5241	3.4897
Yen(100)	5.8485	5.7914
Italian Lire(1000)	11.4013	11.2900

INTERBANK LONDON SPOT RATES:

U.S.$	1.7980/95	per £
DM	2.3020/35	per $
Swiss Fr.	1.9605/25	per $
Dutch Fl.	2.5590/20	per $
French Fr.	5.5000/50	per $
Yen	227.95/15	per $
Lire	1164.00/00	per $
Swedish Kr.	5.5710/30	per $
Norwegian Kr.	5.9200/50	per $
Danish Kr.	7.2225/75	per $

FORWARD RATES:

	1 mon.	3 mos.	6 mos.
£/$	1.7994/1.8014	1.8055/77	1.8151/75
DM/$	2.2935/60	2.2715/40	2.2430/65
Sw.Fr./$	1.9625/55	1.9218/45	1.9050/95

UNITED MIZRAHI BANK LTD

Foreign Currency Rates (in IS) for 27.9.81

Country	Currency		Buying (Cheques and transactions)	Selling (Cheques and transactions)	Buying (Banknotes)	Selling (Banknotes)
U.S.A.	Dollar	1	13.2335	13.3665	13.1000	13.5000
Great Britain	Sterling	1	23.6614	23.8993	23.4200	24.1400
Germany	Mark	1	5.7016	5.7589	5.6400	5.8200
France	Franc	1	2.3826	2.4066	2.2800	2.4300
Holland	Gulden	1	5.1272	5.1788	5.0800	5.2300
Switzerland	Franc	1	6.7243	6.7919	6.6600	6.8600
Sweden	Krona	1	2.3665	2.3902	2.3100	2.4100
Norway	Krone	1	2.2316	2.2540	2.1800	2.2800
Denmark	Krone	1	1.8202	1.8385	1.7800	1.8600
Finland	Mark	1	2.9664	2.9963	2.9000	3.0300
Canada	Dollar	1	11.0539	11.1650	10.8500	11.2800
Australia	Dollar	1	15.1788	15.3313	14.4800	15.6200
South Africa	Rand	1	13.9745	14.1150	10.9700	14.8500
Belgium	Franc	10	3.4852	3.5202	3.0500	3.5600
Austria	Schilling	10	7.9242	8.0038	7.8400	8.0800
Italy	Lire	1000	11.3203	11.4341	10.7000	11.5500
Japan	Yen	1000	57.9653	58.5479	57.3800	59.1300

"Dollar Paz" and "Euro Paz" Buying and Selling rates (in IS) for 27.9.81

		Buying	Selling
"Dollar Paz"	1 unit	43.5718	44.0097
"Euro Paz"	1 unit	55.0225	55.5755
SDR		15.1815	15.3340

Interest rates (%) for non-resident deposit accounts (Patach) and Israeli resident deposit accounts (Patam) for 27.9.81

		Patach 3	Patach 6	Patach 12	Patam 3	Patam 6	Patam 12
U.S.A.	Dollar	16⅛	16⅝	16⅛	14⅞	14⅞	14⅞
Great Britain	Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Germany	Mark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada	Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switzerland	Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
"Dollar Paz"		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
"Euro Paz"		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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The Commodity Futures Markets

COMMODITY FUTURES PRICES

Commodity	High	Low	Last	Change on week
Gold	450.50	463.50	446.25	[illegible]
Silver	9.54	10.65	9.54	—.52
Dec. Copper	77.25	82.20	77.25	[illegible]
Dec. Coffee	131.46	131.46	128.14	[illegible]
Dec. Cocoa	2172	2223	2103	[illegible]
Oct. Sugar	11.98	12.19	11.41	[illegible]
Jan. Orange Juice(*)	132.30	134.20	132.90	[illegible]
Nov. Soybeans	646½	660½	646½	[illegible]
Dec. Corn	287	290½	287	[illegible]
Dec. Wheat	424½	431½	424½	[illegible]
Dec. T-Bills	85.38	86.50	85.38	—.94
Dec. Cotton	64.65	65.30	64.65	[illegible]

Gold and Silver: based on London p.m. fix. US$/oz. * Cents/lb ** US$/tonne. *** Cents/bushel. **** Discount basis of 100. (*) Cents/gallon.

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REPORT SUSPICIOUS OBJECTS

Tel Aviv selected bond prices

	Price	Change
100% Linked		
3602	222.8	n.c.
3604	190.0	n.c.
3606	163.7	n.c.
4% Gov't develop. Group 1. Yield: 3001	—1.49	
3001	4290.0	+22.0
3007	3925.0	n.c.
Group 7. Yield:	—0.85	
3020	2964.0	+20.0
3025	2890.0	+20.0
Defence loan 69. 210 (Relief Tax)	2490.0	—
4% Gov't (90% C-o-L) Group 22. Yield:	—0.10	
3101	2245.0	n.c.
3106	1974.0	+17.0
Group 24. Yield:	—0.10	
3110	1832.0	n.c.
3115	1783.0	n.c.
4% Gov't (80% C-o-L) Group 42. Yield:	+0.65	
3210	1442.0	—1.0
3206	1389.0	—1.0
6% Gov't (80% C-o-L) Group 52. Yield:	+0.80	
3501	1223.0	n.c.
3504	1108.0	n.c.

	Price	Change
7% Gov't (80% C-o-L) Group 62. Yield:	+0.54	
3522	1067.0	+18.0
3526	981.9	+18.0
Group 66. Yield:	+0.58	
3534	848.3	+15.7
3541	799.6	+14.7
Group 68. Yield:	+0.80	
3546	723.5	+3.8
3551	693.0	+8.6
Group 70. Yield:	+1.82	
3554	636.6	+4.2
3557	607.5	+4.1
Gov't dbls-opts linked		
2001	1015.0	+12.0
2015	889.7	n.c.
2033	847.7	+12.8
Dollar denom bonds		
Hollis 13	92.1	—
Hollis 20	77.6	—
Bonds 10% linked to foreign currency		
8.5% Gov't 6026	723.0	+14.0
6% Isr. Electric Corp. B	2680.0	+10.0
5% Dead Sea Works	1339.0	—
Bonds 7% linked to foreign currency		
6003	681.0	+11.0

New York Stock Exchange

NEW YORK. — The stock market on Friday reacted unfavourably to President Reagan's speech Thursday evening and continued its steep slide, although the averages closed above their lows.

Bond futures had a very bad day, ending the session with a loss of 1⅜ points. After the close it was announced that the nation's bank loans rose by 1,267,000 and the money supply M1B was up 1 billion.

The DJIA closed at 824.29, down 10.85, with 152 issues advancing vs. 1,502 decliners. The volume rose to 54,343,000 shares.

Among the most actives were Exxon 29⅝ (—⅜), DuPont 37⅝ (—⅝), IBM 53⅝ (—⅝), Burlington 25⅝ (+⅜) and Mobil 24⅝ (—⅜).

Commentary courtesy Albert Kaplan Mideast representative, Wise Friedman Inc. Tel. 03-652651. Members New York Stock Exchange

	Price	Change
D.J. Avg.	844.00	—11.14
Transport	335.4	—8.23
Utilities	102.21	—1.79
Volume	55,058,000	

D.J. LIST: Alcoa, Allied Chem., Amer Brand, Amer Can, Amer T & T, Beth Steel, Chrysler, Du Pont, East Kodak, Esmark, Exxon, Gen Elect, Gen Food, Gen Motors, Goodyear, Intl Bus, Intl Harv., Intl Paper, Intl Nickel

Owens, Procter Gam., Sears, Std Oil Ca., Texaco, Union Carb., United Tech., US Steel, Westinghouse, Woolworth

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Ari Rath
Editor and Managing Director

THE JERUSALEM POST

Erwin Frenkel
Editor

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Elul 29, 5741 • Zil-Kiadah 29, 1401

Looking ahead

THE COMING year, 5742 in the Jewish calendar, may be said to have the making of a "year of decision" with greater justification than is usual when such predictions are regularly made this time of the year.

For one thing, this is the year in which Israel will be evacuating the last stretch of Sinai that is still under its control, and Egypt will have no better reason than its genuine interest in the cause of peace to keep and expand it. The question uppermost in many Israeli minds is simply this: will Egypt maintain its commitment to normal relations with Israel even though it would not be gaining in consequence any more territory?

There are, it seems, some good practical reasons why the answer should be in the affirmative. The best reason lies in the fact that the peace with Israel was not just Egypt's price for the recovery of Sinai, but, perhaps even more important, the means of relieving the greatest Arab country of the incubus of a conflict that proved to be insoluble by war.

Besides, the peace was the indispensable instrument whereby Egypt was to be assured of the effective patronage of the U.S., substituting for oppressive surveillance by the Soviet Union.

When Egypt signed the peace treaty, a year and a half ago, it did so, however, in the expectation that its example would soon be followed by other Arab states. This has not happened so far, and is not very likely to happen this coming year. Egypt's major hope of swinging the Arab world behind it still rests in large measure on the transitional autonomy for the Palestinians in Judea, Samaria and Gaza, agreed upon at Camp David.

The original deadline for an actual autonomy blueprint is now long past, and the autonomy talks have only now been resumed after a long hiatus. President Sadat and Premier Begin have both voiced the conviction during the past few days that an agreement on principles could be reached within the next three months.

Last week's new round of talks in Cairo, the first after the long interruption, held out some hope, therefore, that the resumed effort might be productive. There are still some 15 major issues relating to the autonomy on which the parties are wide apart. The technique now agreed upon is to focus on principles, starting with the easiest to resolve and going on to the more difficult, which will at a later date be fleshed out by "details."

Remembering how relentlessly and pointlessly Egyptian and Israeli negotiators kept treading water during the long months of their earlier talks, it would be unrealistic to expect instant miracles at this time. But at least both Israel and Egypt realize that time is running out, and that a supreme effort must be made to achieve success.

Whether the parties are quite ready to make the concessions that will have to be made to that end, remains to be seen. But at least Israel, for its part, has made a significant move by seeking to enlist the Palestinians themselves in the autonomy process.

A cabinet decision on Defence Minister Sharon's plan for the separation of the civilian from the military aspects of administration in the territories, and for co-opting Palestinians into service on the civilian side, was yesterday put off by another week. But endorsement of the plan is certain. It constitutes a clear-cut unilateral undertaking by this country to move off dead centre in pushing for a viable system of self-government for the Palestinians in the territories.

Altogether it can be said that the government has taken some welcome new initiatives, as the nation enters the New Year: the new approach on the autonomy talks, the civilian administration for Judea, Samaria and Gaza, and, last week, Foreign Minister Shamir's surprise meeting with Soviet Foreign Minister Andrei Gromyko.

More examples of such fresh thinking will be needed as the country takes up the challenges of 5742.

MAN'S WORTH

DAVID HARTMAN considers the idea of penitence and atonement in the Jewish world view of man's relationship with God.

IN THE Jewish tradition, Rosh Hashana, New Year, and Yom Kippur, the Day of Atonement and the intervening Ten Days of Penitence are expressly devoted to prayer, confession and self-examination for the purpose of *teshuva* (penitence). It is interesting to note that on the basis of biblical texts alone, it is not clear that the central motif of these sacred days is *teshuva*.

Rosh Hashana is somewhat of a mystery: the blasting of horns that the Tora prescribes does not in itself indicate the purpose of this day (see Lev. 23:24-25; cf. Lev. 25:9; Num. 10:1-10; Amos 3:6).

Yom Kippur is described as a day of *kappara*, "a day of atonement on which expiation is made on your behalf before the Lord your God" (Lev. 23:27-28). In contrast to the emphasis placed on *teshuva* by rabbinic scholars, this text is primarily devoted to *kappara*. Also the biblical description of the procedure to gain atonement is distinctly cultic and sacrificial.

In fact, the only active person in the rites of atonement is the high priest, who utters the confession on behalf of the community. The cleansing of the people's sins was expressed in the ritual of banishing the scapegoat upon which the sins of the people were symbolically placed. Though the text refers to self-denial, there is no mention of personal soul-searching and self-examination, which characterize *teshuva*.

THE RABBINIC emphasis, upon *teshuva* with respect to Rosh Hashana and Yom Kippur is an example of their efforts to develop a "teshuva-culture." *Teshuva*, which stems from the root verb "to return," indicates the man-initiated response to repentance; *teshuva* presupposes human freedom to transcend habit and established patterns of conduct and to effect meaningful change in a person's relationship with God.

Nevertheless, as the bibilical account of Rosh Hashana and Yom Kippur indicates, there is another aspect of repentance, *kappara*, which involves divine forgiveness and acceptance, which are beyond human initiative and action. While man may repent and become worthy of divine acceptance, it is God who ultimately must grant *kappara*. *Teshuva* is action-oriented; *kappara* is grace-dependent.

A full account of the experience of spiritual renewal in Judaism should not be restricted to the concept of *teshuva*, but should explain the dialectical relationship between *teshuva* and *kappara*. To understand why the experience of spiritual renewal involves the hope for an external response that is beyond one's control, one should consider the notion of sin. Sin is not simply human failure; it presupposes a relationship between man and God.

ONE FAILS to do justice to the notions of *mitzva*, commandment, and *het*, sin, if one focuses exclusively on *mitzva* in terms of human self-realization and on *het* in terms of rebellion against divine authority.

Mitzva is more than a legal norm: it also involves divine love and concern for human growth and development. *Mitzva* does not merely entail the quest for human perfection, as in the Greek tradition, but also mirrors a universe defined by the quest for relationship with God. In Judaism, the self unfolds within a framework of divine worship.

Consequently, sin is not merely "missing the mark" or failure to realize fully one's human potential, but also indicates a rupture in the God-man relationship. Sin creates estrangement and distance between man and God.

Teshuva, as an activist or[illegible] per[illegible] to renewal, reflects the aspect [illegible] that touches upon a person's failure to realize the good for man, while *kappara* reflects a person's quest to restore the intimacy of his relationship with God. Thus, the Jew prays for divine forgiveness and acceptance and, at the same time, initiates action aimed at moral self-renewal.

In all genuine love relationships, acceptance by the other may not be coerced or manipulated. Acceptance is a gift that by definition must be freely given.

By analogy, grace in the sense of divine acceptance is an essential component of the quest for spiritual renewal. The prayerful beseeching attitude of the Jew seeking it reflects his awareness of God's ultimate freedom in His covenantal relationship with Israel.

THERE IS, however, another aspect of human relationships that should not be ignored. While love is a precious gift, it is not a substitute for feelings of inner worth and self-regard. A person may feel genuinely accepted by another, and yet feel inadequate and unworthy.

This insight may shed light on why God's loving acceptance of man was not viewed by the tradition as an adequate substitute for personal responsibility based on study and moral action. While Judaism contains the idea of God's unconditional acceptance of Israel, it never allowed this notion to become a comprehensive grace principle that could neutralize human initiative and resolve.

The delicate balance between feelings of personal adequacy and the need for divine acceptance may explain the dialectical relationship between *teshuva* and *kappara* in the Jewish tradition. Despite his far-reaching sense of independence and autonomous worth, halachic man [illegible] perceives life within the framework of worship. While his belief in the power of *teshuva* strengthens his confidence in his ability to return to God with dignity and integrity, the relational context of his religious worldview reminds him of his dependence on the gift of divine acceptance.

DESCRIPTIONS of divine judgment evoke awe and trepidation. According to the liturgy, even the angels quake with fear for "even they are not guiltless in Thy sight." In explaining why the Hallel prayer, psalms of joyous praise, was not recited on Rosh Hashana, R. Abbahu depicts God as saying to the angels: "Is it possible that the King should be sitting on the throne of justice with the books of life and death open before Him, and Israel should chant hymns of praise?" (*Rosh Hashana* 32b).

On the other hand, the Talmud states that on the day that judgment begins, Jews eat, drink, dress and express a general attitude of joyful confidence (Jer. Talmud, *Rosh Hashana* 7b). The serious mood engendered by divine judgment is not one of terror before a feared, authoritarian God. The Jew does not stand before the divine judge as a helpless and undignified creature, crushed by feelings of guilt and unworthiness. While fully cognizant of the grace-dependent feature of repentance, as conveyed by the awesome images of divine judgment, he stands erect in judgment, in full awareness of his being a "significant other" in God's eyes.

The dialectical relationship between the humbling dimension of judgment and feelings of adequacy and inner strength is dramatically described in the talmudic discussion of how the exact time of judgment is fixed:

> **And Huma said: What nation is like this nation? It is the custom among men that if the ruler says: "The trial is today!" and the accused say: "The trial shall be tomorrow!" — to whom do you listen? Surely to the ruler. With regard to God, however, this is not the case. If the (human) court declares: "Today is Rosh Hashana," God then says to the ministering angels: "Set up the court, let the defence attorneys arise, let the prosecuting attorneys arise, because my children have declared that today is Rosh Hashana." If the (human) court deliberated and decided to postpone it to the next day, God says to the ministering angels: "Remove the court, let the defence attorneys leave, let the prosecuting attorneys leave, because my children decided to postpone it to tomorrow." What is the reason for this? "For it is a statute for Israel, a judgment for the God of Jacob" (Psalm... — if it is not a statute for them, as it were, it is not a judgment for the God of Jacob.**
> *Jerusalem Talmud, Rosh Hashana 7b.*

Though it may seem absur[illegible] pect mortal kings to sche[illegible] ment according to the will o[illegible] cused, the divine King, whom even the angels qu[illegible] fear, defers to the decisi[illegible] rabbinic court in fixing the judgment. The very same [illegible] whose acts and thoughts [illegible] to be judged determine w[illegible] Judge may commence pro[illegible]

THE INCONGRUITY [illegible] situation depicted by th[illegible] parable sheds light on the [illegible] phenomenology of Judai[illegible] acknowledging guilt, one ne[illegible] become paralysed by fee[illegible] human depravity or by a [illegible] sense of creature-depen[illegible] Feuerbach's account of [illegible] which proposed an i[illegible] relationship between attr[illegible] perfection to God and [illegible] worth to human beings [illegible] plicable to this religious [illegible] In this tradition, divine pe[illegible] and authority are compatible [illegible] belief in human worth a[illegible] legitimacy of human assert[illegible] omnipotent, perfect Judge [illegible] commence judgment with[illegible] sanction of the human [illegible] earth.

The concepts of *kappa[illegible]* *teshuva* are complementary [illegible] of halachic man's experien[illegible] spiritual rebirth. *Teshuva* [illegible] *kappara* would lead to hub[illegible] *para* without *teshuva*, [illegible] would lead to paralysis and [illegible]

The author, an Orthodox [illegible] director of the Shalom Hartm[illegible] stitute for Advanced Jewish [illegible] and professor of Jewish philos[illegible] the Hebrew University.

READERS' LETTERS

MORAL OUTRAGE

To the Editor of The Jerusalem Post

Sir, — I have just read Mark Segal's article of September 4th, "Remembering the Palmah." Well, I and my colleagues of the IZL will surely not forget them, though not necessarily for the reasons given by Mr. Segal.

Without wishing to detract from the glorious pages written by that movement in the history of our people, I cannot refrain from mentioning their share in some of the darkest days in the annals of our struggle for independence.

To our regret, the "moral aspect of warfare" as described by Mr. Shmuel (Mulla) Cohen to Mr. Segal, did not extend to the Palmah's — and the Hagana's — Jewish brethren. IZL members were hounded and persecuted; expelled from schools, fired from work, beaten up, kidnapped, and even handed over to the British police for imprisonment and exile.

The indoctrination of Palmah members included deep hatred for the IZL and LHY, which culminated in their shooting at unarmed escapees from the burning arms and volunteers ship "Altalena," who were trying to swim to the imagined safety of the Tel Aviv shore.

As a former IZL member, I can confidently state that our training imbued in us love for all of our people and taught us to fight only against the enemies of the Jewish people. This statement is corroborated by the IZL's amazing self-restraint during the 1944-45 "season" and in the days that followed the catastrophe of the "Altalena." It was the same Menachem Begin, accused in the above article of "long and sustained hostility to the Palmah," who prevented civil war in those terrible days.

All the great humanitarians and bearers of moral banners would do well to remember that charity begins at home.

ELLIE BERGMAN
Tel Aviv.

THE SELIGSBERG SCHOOL

To the Editor of The Jerusalem Post

Sir, — We have just heard of the decision taken by the Hadassah Women's Organization of America to close down one of the finest educational institutions in Jerusalem: the Seligsberg High School.

The children of Israel are the future of Israel — which is another way of saying: the future of the Jews all over the world. Closing the doors of such a school means closing the prospects of our own future.

As a parent and a partner, I call upon the ladies of Hadassah, to reconsider their decision with regard to the Seligsberg school and keep that wonderful institution of learning open — for the sake of the future of world Jewry, which lies here in Israel, in these classrooms.

YEHUDA YALON
Jerusalem.

SUCCESSFUL VISIT

To the Editor of The Jerusalem Post

Sir, — As a longtime editor and reporter from the United States, I come to Israel each year with my wife. This year something new was added for me — the sight of thousands of American sailors.

Everybody, it seems, Israeli and tourists, was favourably impressed. The sailors were always courteous, friendly and sober, and the citizens of Israel responded warmly to friends on a courtesy call.

JOSEPH C. POTTER
Tel Aviv (North Arlington, N.J.).

TV STRIKES

To the Editor of The Jerusalem Post

Sir, — I believe that, as citizens of [illegible]el and owners of TV and radio se[illegible] licen[illegible] we deserve a reduction in [illegible] fees. What with all too frequent [illegible]es by the media staff, I question whether we should be compelled [illegible] pay full fees.

[illegible]OSE S. SHULMAN
Haifa.

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